189th year

generali.com

ANNUAL INTEGRATED REPORT AND CONSOLIDATED FINANCIAL STATEMENTS 2020

Across almost two centuries of history, Generali has consolidated its resilience and helped people build a safer future by caring for their lives and their dreams.

It remained this way, even in an unprecedented year, such as 2020, and will also be in the future.

The ability to offer solutions with competence and a human touch was celebrated in the Group's first global advertising campaign, from which the images illustrating this Report are taken and which highlight the distinctive characteristics of Generali Red: empathy, passion, dynamism, proactivity.

For us, these are the qualities that people look for in a brand and that add value to the lives of customers, agents, employees, investors and partners.

ANNUAL INTEGRATED REPORT AND CONSOLIDATED FINANCIAL STATEMENTS 2020

This Annual Integrated Report and Consolidated Financial Statements 2020 has not been filed, pursuant to art. 154-ter of legislative decree of 24 February 1998, no. 58 - Testo Unico delle disposizioni in materia di intermediazione finanziaria (TUIF) - as amended.

The Company will publish the final version of the Annual Integrated Report and Consolidated Financial Statements 2020 in accordance with prevailing law, and include the Board of Statutory Auditors' Report and Independent Auditor's Reports.

Please note that the Report is translated into English solely for the convenience of international readers.

CORPORATE BODIES AT 10 MARCH 2021

CHAIRMAN	Gabriele Galateri di Genola
VICE-CHAIRMEN	Francesco Gaetano Caltagirone Clemente Rebecchini
MANAGING DIRECTOR AND GROUP CEO	Philippe Donnet
BOARD MEMBERS	Romolo Bardin Paolo Di Benedetto Alberta Figari Ines Mazzilli Antonella Mei-Pochtler Diva Moriani Lorenzo Pellicioli Roberto Perotti Sabrina Pucci
BOARD OF STATUTORY AUDITORS	Carolyn Dittmeier (Chairwoman) Antonia Di Bella Lorenzo Pozza Silvia Olivotto (Alternate Auditor) Tazio Pavanel (Alternate Auditor)
BOARD SECRETARY	Giuseppe Catalano

Assicurazioni Generali S.p.A.
Company established in Trieste in 1831

Registered office in Trieste, piazza Duca degli Abruzzi, 2
Share capital € 1,576,052,047 fully paid-up
Fiscal code and Venezia Giulia Companies' Register no. 00079760328
VAT no. 01333550323
Company entered on the Register of Italian insurance and reinsurance companies under no.1.00003
Parent Company of the Generali Group, entered on the Register of insurance groups under no. 026
Pec: assicurazionigenerali@pec.generaligroup.com

ISIN: IT0000062072
Reuters: GASI.MI
Bloomberg: G IM

Contacts available at the end of this document

Comments and opinion on the Report can be sent to integratedreporting@generali.com

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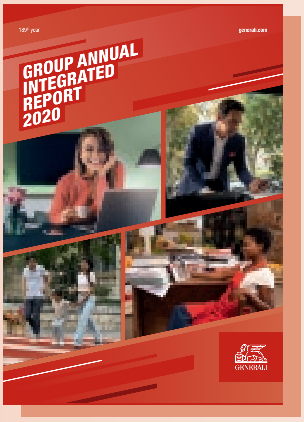
MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

ATTESTATION AND REPORTS

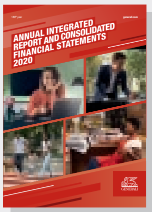
THE INTEGRATED OVERVIEW OF OUR REPORTS

Our sustainable value creation story continues to be based on integrated thinking. In line with the Core&More[1] approach, the Annual Integrated Report is the Core report of the Group, providing material financial and non-financial information. We provide further information, mainly addressed to a specialized audience, through the More reporting, including other Group's reports and channels of communication.



GROUP ANNUAL INTEGRATED REPORT

It provides a concise and integrated view of the Group's financial and non-financial performance, also pursuant to legislative decree (leg. decree) 254/2016.



ANNUAL INTEGRATED REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

It expands the content of the Group Annual Integrated Report, providing details of its financial performance in compliance with national and international regulations.

MANAGEMENT REPORT AND PARENT COMPANY FINANCIAL STATEMENTS

It provides information on the performance of Assicurazioni Generali, in accordance with currently effective regulations.

CORPORATE GOVERNANCE AND SHARE OWNERSHIP REPORT

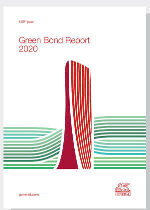
It outlines the corporate governance system of Assicurazioni Generali and its ownership structure.

CLIMATE-RELATED FINANCIAL DISCLOSURE

It provides investors and other stakeholders with relevant information to assess the adequacy of the Group's approach to climate change and its ability to manage the risks and opportunities it brings.

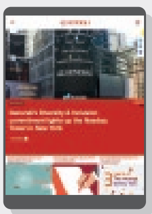
REPORT ON REMUNERATION POLICY AND PAYMENTS

It provides specific information on the remuneration policy adopted by the Group and its implementation.



GREEN BOND REPORT

It outlines the use of proceeds of the Generali's Green Bond issuance and associated impacts in terms of lower CO_2 emissions.



www.generali.com
for further information on the Group

1 The Core&More approach developed by Accountancy Europe provides for a core report, including a summary of all key information required to evaluate and understand a company, and more reports, presenting more detailed information. www.accountancyeurope.eu/ for further information.

ABOUT THE ANNUAL INTEGRATED REPORT

This Annual Integrated Report carries the Group's financial and non-financial performance and explains, through our value creation process, the connections between the context in which we operate, the Generali 2021 strategy, the corporate governance structure and our remuneration policy.

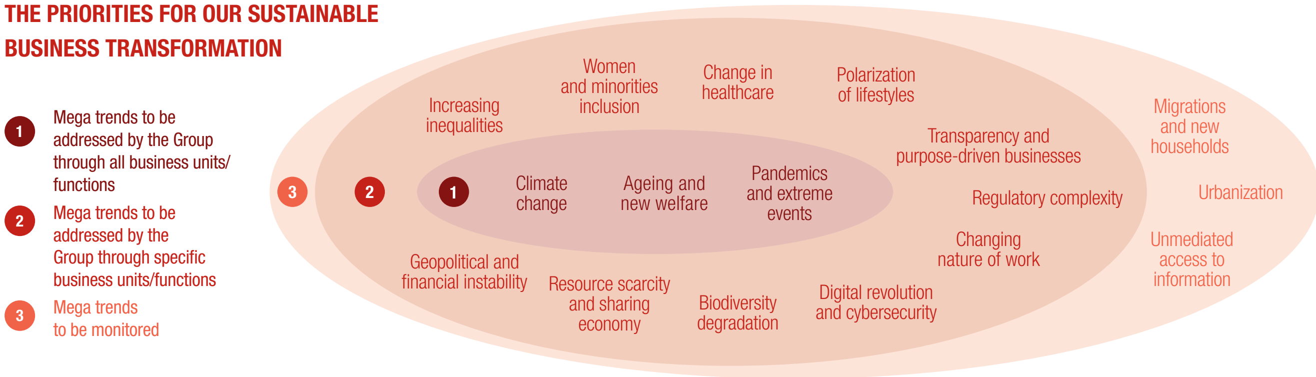
Information in the Annual Integrated Report refers to the topics classified as significant through a materiality analysis process, engaging both internal and external stakeholders. In 2019, we assessed with them the large social, environmental and governance transformations - also called mega trends - which are expected to be able to significantly change the world of enterprises, society and the natural environment over a ten-year horizon, and this entails risks and opportunities for the Group, its value chain and its stakeholders.
Considered the crisis due to the Covid-19 pandemic, in 2020 the Generali top management reviewed the current relevance of mega trends and their distribution within the following three priority clusters:

- material mega trends on which the strategic initiatives common to the Group are focused and their disclosure is included in this Report;
- mega trends of considerable relevance, which are addressed by specific business units or functions;
- mega trends to be monitored.

Each mega trend was considered as for both its potential impact on Generali and the possibility that it is influenced by us, also through our value chain, consistent with the perspective of the double materiality. Belonging to one of the three priority clusters determines the Group's approach for its management and reporting.
The review of the Group's materiality analysis was previously discussed by the Governance and Sustainability Committee and the Board of Statutory Auditors, and then approved by the Board of Directors on 11 November 2020.

Consolidated Non-Financial Statement, p. 139 for further information on the materiality analysis process and results

THE PRIORITIES FOR OUR SUSTAINABLE BUSINESS TRANSFORMATION



The Report is drafted in compliance with currently effective regulations, among which the provisions of leg. decree 254/2016 on the environmental, social, employee-related, respect for human rights and anti-corruption and bribery information, that forms the content of the Consolidated Non-Financial Statement (NFS) and is clearly identified through a specific infographic. The Report is also in line with the 2020 priorities on non-financial information by ESMA[2].
It is in accordance with the criteria of the International <IR> Framework issued by the International Integrated Reporting Council (IIRC)[3]. It adopts for the disclosure of non-financial matters envisaged by leg. decree 254/2016 selected indicators from the Consolidated Set of GRI Sustainability Reporting Standards. The Report also considered the TCFD[4] recommendations and the Guidelines on non-financial reporting of the European Commission[5] as for the the environmental matters.

Notes to the Management Report, p. 152 for the criteria of the International <IR> Framework and selected indicators

Responsibility for the Annual Integrated Report

The Board of Directors of Assicurazioni Generali is responsible for the Annual Integrated Report, which is presented also in accordance with the Guiding Principles and Content Elements established by the International <IR> Framework. The Board, through its competent Committees, and the Board of Statutory Auditors are regularly engaged by the management in specific meetings aiming at sharing the approach to the preparation and presentation of the Report.

2 The document *European common enforcement priorities for 2020 annual financial reports* is available on www.esma.europa.eu.
3 The International Integrated Reporting Council (IIRC) is a global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs; <IR> stands for Integrated Reporting.
4 The TCFD (Task force on Climate-related Financial Disclosures) was established in 2015 by the Financial Stability Board (FSB) with the aim to formulate a set of recommendations on reporting climate-change-linked risks in order to guide and encourage companies to align the information disclosed with the expectations and needs of investors.
5 *Guidelines on non-financial reporting: supplement on reporting climate-related information* (C/2019/4490) were published in June 2019. They are available on eur-lex.europa.eu.

LETTER FROM THE CHAIRMAN AND THE GROUP CEO

Dear Reader, Dear Generali Shareholder,

Last year was an unprecedented one, characterized by a pandemic that greatly disrupted our daily lives and profoundly changed our world. Covid-19 has had and will continue to have significant and persistent consequences for a long time to come both in the economic and social spheres, on top of the very high cost in terms of human lives.

Faced with this very complex scenario, Generali was able to react quickly and decisively by implementing a series of measures that enabled us to reduce the negative impact of the pandemic on our business and confirm our solidity.
Right from the beginning, the Group gave top priority to the health and well-being of its people by immediately implementing remote working which involved over 90% of our administrative employees worldwide. We were, therefore, able to guarantee full operating continuity and provide maximum support to our customers even in the most critical phases, in line with our ambition to be their Lifetime Partner. All of this was made possible thanks to the commitment of our people and to forward-looking investments made in digitalisation over the past years. Furthermore, important measures to support the communities in which the Group operates were set in place, with the launch of an Extraordinary International Fund of € 100 million and numerous other programs developed locally in different parts of the world. Support measures were also made possible thanks to the generous contribution of our colleagues, management and board members.

We moved forward with the implementation of Generali 2021, a strategic plan that has proven to be fully effective even in the current market context, confirming our full commitment to delivering its financial targets. The focus on technical excellence, the strength of our distribution network, the diversified business model, capital solidity and excellence in innovation have continued to be Generali's core strengths. In addition, we are making a greater commitment to sustainability together with our on-going aim to invest in training our people and in our brand, as demonstrated by the launch of the first global advertising campaign in the Group's history. These factors allowed us to finish 2020 with a record operating result and excellent capital solidity, as evidenced by a Solvency Ratio that remained stable compared to 2019, even in light of the impact of the pandemic.
The P&C segment, which has always been distinguished by technical excellence, with the best and least volatile Combined Ratio among our peers, continued to post profitable growth. The contribution of the Asset Management segment increased further. Adjusted net profit was impacted by some extraordinary expenses and impairments, especially in the first part of the year, due to the performance of the financial markets, also affected by the pandemic. All of these results permit us to distribute a proposed dividend of € 1.47 per share[1].

1 Split into two tranches of € 1.01 and € 0.46, respectively. The first tranche, payable as from 26 May 2021, represents the ordinary pay-out from 2020 earnings: shares will be traded ex-dividend as from 24 May 2021.
The second tranche, instead, related to the second part of the 2019 retained dividend, will be payable as from 20 October 2021 and the shares will be traded ex-dividend as from 18 October 2021: such second tranche will be payable subject to the verification by the Board of Directors of the absence of impeding supervisory provisions or recommendations in force at that time.

These results demonstrate the Group's ability to remain solid and resilient, even when facing what is considered the most serious economic crisis since the Second World War, with global GDP down by 3.8% in 2020, the Eurozone's down by 6.8% and Italy's lower by 8.9%.
In this scenario, the European Union has made extraordinary efforts to boost economic renewal through a series of intervention measures proposed by the European Commission and approved by the European Council on 21 July 2020.

Any important crisis is followed by the opportunity to plan for recovery with a focus on sustainability. Aware of the important role we play within the socio-economic system as a global insurance group and based on the strength of our experience as a long-term investor, we want to do our part.
Firstly, by contributing to making the economic system more resilient, and with it, society as a whole. Throughout the year, the Group's top management has taken a proactive approach, at national and European level, to forge dialogue with the most important institutional players and with other leading groups in the insurance industry, with a view to implementing solutions that guarantee the ability to tackle future systemic risks, such as pandemics, in the best way possible. Tangible solutions, such as the proposal of an International Pandemic Fund, based on a public-private partnership, to provide support to small- and medium-sized firms if they were obliged to close to secure public health.
Secondly, by responding as insurers to today's modern lifestyles and to the new expectations of customers, who require increasingly personalized and digital products and services.
Lastly, we believe in a green recovery. In the wake of the Green Deal of the European Union, of the United States' re-entry in the Paris Agreement and China's declaration to become carbon-neutral by 2060, we believe that the world is in the presence of an incredible international convergence in which Europe and its citizens can play a central role. This is why in 2020 we joined several international alliances, such as the Net-Zero Asset Owner Alliance and the European Green Recovery Alliance. We have also achieved our target of allocating € 4.5 billion to new green and sustainable investments one year ahead of schedule, and we will continue to work to increase premiums linked to insurance products with socio-environmental impact by 7-9% by year-end 2021.

In 2021, we celebrate the 190th anniversary of the establishment of Generali. In almost two centuries of history, we have successfully overcome numerous other historic crises, without ever wavering from our purpose of enabling people to shape a safer future by caring for their lives and dreams. We will continue to do this even in these times of crisis, with the resilience and the passion that distinguish Generali's people.

Gabriele Galateri di Genola
Chairman

Philippe Donnet
Group CEO

WE, GENERALI

#WEREALLABOUTYOU

GROUP'S HIGHLIGHTS[1]

Glossary available at the end of this document

Since 1831 we are an Italian, independent Group, with a strong international presence. We are one of the largest global players in the insurance industry, a strategic and highly relevant sector for the growth, development and welfare of modern societies. In almost 200 years we have built a Group that operates in 50 countries through more than 400 companies.

www.generali.com/who-we-are/history

Our performance, p. 63

GROSS WRITTEN PREMIUMS +0.5%

€ 70,704 mln

OPERATING RESULT +0.3%

€ 5,208 mln

NET PROFIT -34.7%

€ 1,744 mln

ADJUSTED NET PROFIT[2] excluding expenses from the Extraordinary International Fund Covid-19 and the liability management transaction -12.7%

€ 2,076 mln

Adjusted net profit[2] amounted to € 1,926 mln (-12.1%).

PROPOSED DIVIDEND PER SHARE* +€ 0.97

€ 1.47

PROPOSED TOTAL DIVIDEND +€ 1.530 mln

€ 2,315 mln

* Split into two tranches of € 1.01 and € 0.46, respectively. The first tranche, payable as from 26 May 2021, represents the ordinary pay-out from 2020 earnings: shares will be traded ex-dividend as from 24 May 2021.
The second tranche, instead, related to the second part of the 2019 retained dividend, will be payable as from 20 October 2021 and the shares will be traded ex-dividend as from 18 October 2021: such second tranche will be payable subject to the verification by the Board of Directors of the absence of impeding supervisory provisions or recommendations in force at that time.

TOTAL ASSETS UNDER MANAGEMENT (AUM) +5.4%

€ 664 bln

SOLVENCY RATIO 0 pps

224%

LIFE

Net inflows confirmed at excellent level. The operating result was impacted by the continued acceleration of provisions for guarantees to policyholders in Switzerland and the negative financial markets performance.

LIFE NET INFLOWS -10.5%

€ 12,144 mln

Gross written premiums € 48,557 mln (+0.8%)

NEW BUSINESS VALUE (NBV) +4.9%

€ 1,856 mln

OPERATING RESULT -16.1%

€ 2,627 mln

PROPERTY & CASUALTY (P&C)

Premiums were stable in a context heavily impacted by the pandemic. The operating result grew thanks to a significant improvement in the CoR.

GROSS WRITTEN PREMIUMS +0.1%

€ 22,147 mln

COMBINED RATIO (COR) -3.5 pps

89.1%

OPERATING RESULT +19.4%

€ 2,456 mln

1 All changes in this Report are calculated on 2019, unless otherwise reported. Changes in premiums, Life net inflows and new business are on equivalent terms, i.e. at constant exchange rates and consolidation scope. Operating result, Assets Under Management and Life technical provisions exclude entities under disposal or disposed of in the period. The scope for non-financial indicators included in the NFS is reported in the chapters dedicated to them, when it differs from the consolidated scope.
2 Adjusted for impact of gains and losses related to disposals.

Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA · FTSE4Good · 2021 MSCI ESG Leaders Indexes Constituent · EURONEXT vigeo eiris World 120 · STOXX ESG Leaders Indices · The European House Ambrosetti

www.generali.com/our-responsibilities/performance/sustainability-indices-and-ratings

The Generali 2021 strategy, p. 30

NFS

NEW GREEN AND SUSTAINABLE INVESTMENTS[3]
€ 5,973 mln

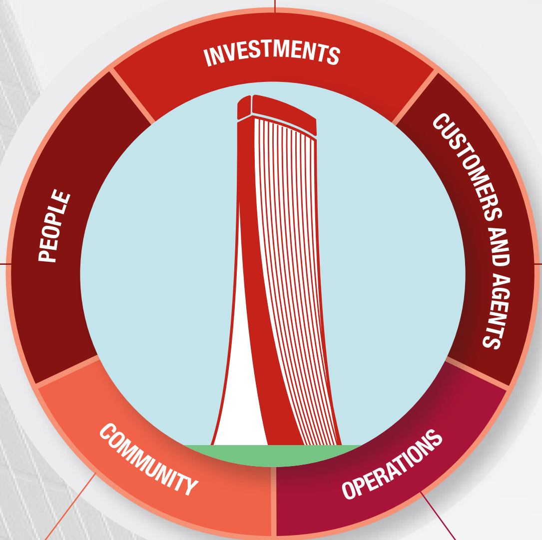
DIRECT INVESTMENTS BY THE GROUP'S INSURANCE COMPANIES WHICH ARE SUBJECT TO THE RIG[4] +4.7%
€ 326,425 mln

OUR PEOPLE +1.0%
72,644

DIVERSITY AND INCLUSION INDEX[9] +25 pps
106%

RESKILLED EMPLOYEES[10] +32.3 pps
52%

ORGANIZATIONAL ENTITIES WITH SMART WORKING POLICY[11] +21 pps
83%



OUR CUSTOMERS[5] +7.3%
65.9 mln

PREMIUMS FROM SOCIAL AND ENVIRONMENTAL PRODUCTS[6] +11.2%
€ 16,930 mln

OUR AGENTS[7] +5.5%
165 thousand

CHANGE IN RELATIONSHIP NPS[8] vs 1Q2019
+9

The Human Safety Net

ACTIVE COUNTRIES +4.8%
22

INVESTMENTS IN INTERNAL STRATEGIC INITIATIVES 2019-2020
€ 823 mln

TOTAL GHG EMISSIONS -36.1% vs base year 2013
77,456 tCO_2e

ASSET MANAGEMENT

Significant increase in operating revenues, especially in performance fees. Assets Under Management of the segment rose.

OPERATING RESULT +28.5%
€ 546 mln

NET RESULT +38.0%
€ 386 mln

ASSET UNDER MANAGEMENT +5.7%
€ 561 bln

3 They are investments that support green and/or social projects, with the explicit aim of creating a positive impact and contributing to the United Nations Sustainable Development Goals.
4 The Responsible Investment Group Guideline (RIG) is the document that codifies responsible investment activities at Group level.
5 They are either physical persons or legal entities that hold at least one active insurance policy and pay a premium to Generali accordingly, a banking product or a pension fund product.
6 Social and environmental products are products which, due to the type of customer protected or coverage supplied, have specific social or environmental characteristics.
7 They represent the sales force within traditional distribution networks.
8 The Relationship Net Promoter Score (NPS) is based on customer research data and calculated deducting the percentage of detractors from the percentage of promoters. It is a score expressed as an absolute number and reported using a moving average of the last four quarter. The change in Relationship NPS is calculated compared to 1Q2019, when the measurement started.
9 The index is calculated as an average that differently weighs, according to our priorities, the progress of a series of indicators related to gender, age, culture and inclusion compared to ambitions set in 2021.
10 It represents the percentage of employees who completed the training in accordance with the Group's programme We LEARN.
11 They are the organizational entities where, in accordance with local laws and regulations, it is possible to adopt smart working through the application of a dedicated policy.

2020 KEY FACTS

www.generali.com/media/press-releases/all

JAN20

Completed the acquisition in Portugal of 100% of the company Seguradoras Unidas and the service company AdvanceCare. The transaction, announced in July 2019, represents an important step in the execution of the Group's three-year strategy, which aims to strengthen Generali's leadership in Europe.

Profitable growth, p. 33

NFS

Generali included in the Corporate Knights' 2020 ranking Global 100 Most Sustainable Corporations, consisting of the world's 100 most sustainable corporations. This recognition highlights the evolution of Generali's sustainability journey, which is an integral part of the Generali 2021 strategy.

The Generali 2021 strategy, p. 30

NFS

Generali joined the United Nations-convened Net-Zero Asset Owner Alliance, a group of 18 pension funds and insurers, committed to decarbonize their portfolios to net-zero emissions to avoid a global temperature increase above the 1.5°C Paris target. The Alliance closely works with companies in portfolios as to change their business models, adopting climate-friendly practices and ideally setting a net-zero target based.

Group's financial position, p. 75

NFS

Energy Hub launched in the Generali Tower in the CityLife district of Milan, an innovative space dedicated to stimulating the physical and mental energy of all employees and promoting a healthy and sustainable lifestyle. Designed in line with the Ministry of Health guidelines as part of a preventive health approach, Energy Hub is the latest stage in a true welfare journey for Group's employees.

FEB20

Bank of Italy authorized ThreeSixty Investments SGR (Società di Gestione del Risparmio) to operate as an asset manager under the Italian law. The first Italian boutique of Generali, announced in April 2019, changed its name in Plenisfer Investments SGR at the end of 2020. It aims to offer highly diversified multi-asset investments and solutions, with an innovative, integrated investment approach across a wide range of asset classes.

NFS

In line with the Group's sustainability and capital management strategy, Generali developed its first Framework for the Green Insurance Linked Securities, alternative mechanisms for the transfer of insurance risk to institutional investors.

Capital management and financial optimization, p. 34

MAR20

The Board of Directors of Assicurazioni Generali approved 2019 Annual Integrated Report and Consolidated Financial Statements and 2019 Parent Company Financial Statements Proposal. It also approved a capital increase of € 6,278,644 to implement the 2017 Long-Term Incentive Plan, having ascertained the occurrence of the conditions on which it was based.

NFS

The Board of Directors of Assicurazioni Generali established an Extraordinary International Fund of € 100 million to assist in the Covid-19 emergency and to support economic recovery efforts in the countries where the Group operates. The Fund also benefited from contributions from the Group's employees. It helped with the health emergency in Italy according to the priorities agreed with the Italian National Health System and the Italian Civil Protection as well as with initiatives for customers, SMEs and their employees across the markets in which the Group operates.

Group's performance, p. 70

Started a share buyback for the share plan for the Generali Group's employees, implementing the resolution of the Shareholders' Meeting held on 7 May 2019 that had authorised the purchase and disposal of a maximum of 6 million of treasury shares until 7 November 2020.

NFS

Our people, p. 41

APR20

The Board of Directors of Assicurazioni Generali decided to confirm the proposal to pay the dividend per share equal to € 0.96 at the next Shareholders' Meeting but to divide it into two tranches. The first tranche amounting to € 0.50 was paid in May and the second equal to € 0.46 to be paid by year-end and subject to the Board's verification, inter alia, of the compliance with the limits set by the Group's Risk Appetite Framework at 30 September 2020, as well as to the positive confirmation of the compliance with the norms and regulatory recommendations concerning dividend payments at that time.

In recognition of the difficult global situation caused by the Covid-19 emergency, the Group CEO, the members of the Group Management Committee and the other managers with strategic responsibilities decided voluntarily to reduce their fixed compensation by 20% starting in April 2020 until year-end, further increasing the Extraordinary International Fund.

NFS

Group's performance, p. 70

Increased the share capital of Assicurazioni Generali to € 1,576,052,047 in execution of the 2017 Long-Term Incentive Plan adopted by the Shareholders' Meeting in 2017.

The Board of Directors of Assicurazioni Generali approved the Group's Tax Strategy, an essential part of the tax risk control system. It ensures the correct application of tax regulations, guided by the principles of honesty, integrity and transparency in the relationship with tax authorities, and combines value creation for all stakeholders with long-term protection of the Company's reputation.

NFS

Our rules for running business with integrity, p. 51

The Shareholders' Meeting approved the 2019 financial statements, setting forth the distribution of a dividend per share of € 0.96 to shareholders, divided into two tranches[12]; the Report on the remuneration policy while expressing a non-binding positive resolution on the Report on payments; the Group Long Term Incentive Plan (LTIP) 2020-2022, which provides for the assignment of a maximum 9.5 million shares; the stock plan related to the mandate of the Managing Director/Group CEO, providing for the assignment of a maximum 690,000 shares; and a number of amendments to the Articles of Association. In addition, the Board of Statutory Auditors was appointed for the three-year period 2020-2022. Following the entry into force of decree law no. 18/2020, which has introduced special rules related to the Covid-19 emergency applicable to the shareholders' meetings of listed companies, Assicurazioni Generali decided, inter alia, to make use of the right, established by the decree, according to which the participation of those entitled to vote at the Shareholders' Meeting would have taken place exclusively through the designated, without the physical participation of the shareholders.

Our governance and remuneration policy, p. 54

MAY20

Regarding the press release issued by Fitch Ratings, that was a direct result of the downgrading of Italy's sovereign debt, Generali confirmed its solid capital position and emphasised that the Agency - which changed the Generali rating from A, outlook negative, to A-, outlook stable - had implemented a stress test linked to the Covid-19 pandemic, whose results would have led to the confirmation of Generali rating.

The Board of Directors of Assicurazioni Generali approved the Financial Information at 31 March 2020.

Paid the first tranche[13] of dividend per share 2019 of Assicurazioni Generali, equal to € 0.50.

12 The first tranche equal to € 0.50 was paid in May 2020. The second tranche equal to € 0.46 was to be paid by year-end and subject to the Board's verification, inter alia, of the compliance with the limits set by the Group's Risk Appetite Framework at 30 September 2020, as well as to the positive confirmation of the compliance with the norms and the regulatory recommendations concerning dividend payments at that time. Please read updates in the November 2020 event.
13 As approved by the Shareholders' Meeting on 30 April 2020.

JUN20

Reached an agreement with BTG Pactual ending the arbitration for the sale of BSI. The settlement agreement provides for the payment of CHF 245 million to BTG Pactual as indemnity and price adjustment, the termination of the arbitration and a waiver of the mutual claims and indemnification requests, without any admission of liability or wrongdoing. The net impact on the Generali Group's 2020 results amounts to CHF 195 million, equivalent to about € 183 million, after taking into account pre-existing provisions to cover legal costs.

NFS

Generali was honoured at the EFMA Accenture Innovation in Insurance Awards 2020, the competition that showcases the most outstanding technology innovations in the insurance industry. The Group won two out of the total of seven awards given, in the following categories: the Customer Experience award for Digital Hub, an omnichannel experience for customers, agents and prospects across all digital touchpoints, with a common user experience and unique visual identity across countries; and the Workforce Transformation award for We LEARN: A New Way to the Future, a reskilling initiative that helps employees develop new capabilities needed to grow in the digital era and support the Group's strategic priorities.

Innovation and digital transformation, p. 37 | Our people, p. 41

Approved the launch of a strategic partnership with Cattolica Assicurazioni, which is based on four business areas: Asset Management, Internet of Things, Health Business and Reinsurance. These areas represent important profitable growth opportunities in services for customers in the P&C segment and in the asset management segment, leveraging Generali's competencies and capabilities in investment management, digital innovation and health services. They will allow Cattolica to expand and improve the offer to its customers with new and innovative ancillary services.

Profitable growth, p. 33

JUL20

NFS

Published the first Activity Report of The Human Safety Net, sharing the growing Generali's social impact in the communities where the Group is present in Europe, Asia and Latin America.

A continuous commitment to sustainability, p. 47

NFS

Generali successfully concluded the buyback of about € 600 million of three series of subordinated notes with first call dates in 2022 and the placement of its second green bond of € 600 million, that attracted an orderbook of € 4.5 billion, more than 7 times the offer, from around 350 highly diversified international institutional investor base including a significant representation of funds with green/SRI mandates. The buyback and the new issue will enable the Group to achieve further savings in interest expenses for its financial debt in line with the similar liability management transaction in September 2019.

Capital management and financial optimization, p. 34

NFS

Launch of the first-ever global advertising campaign of Generali in three phases. The first phase was focused on the agents, whose role is key. The second phase, set in October, was dedicated to the brand while the third phase will project key products and hallmarks in 2021.

A strong brand, p. 46

NFS

Signed a Memorandum of Understanding between Generali and Eurochambres, the European organization of Chambers of Commerce and Industry, to cooperate so as to promote and implement a potential pandemic risk pool.

Challenges and opportunities of the market context, p. 20

The Board of Directors of Assicurazioni Generali approved the Half-Yearly Consolidated Financial Report 2020.

SEP20

NFS

Signed a letter of business leaders and investors, drafted by Corporate Leaders Group, asking European Heads of State and Government to reduce domestic greenhouse gas emissions by at least 55% compared with 1990 levels by 2030, raising the previously envisaged target of 40%. Generali reaffirms its commitment to help pace and focus transition efforts from now until 2050, supporting the necessary legal amendments and continuing to invest in the green economy, knowing that an increased global climate ambition is a crucial driver of Europe's competitiveness in the world.

Challenges and opportunities of the market context, p. 20 | A continuous commitment to sustainability, p. 47

OCT20

Concluded the process of the legal merger of all the 100% owned insurance subsidiaries in Portugal, obtaining all the required approvals from the regulatory authority. Seguradoras Unidas S.A. incorporated Generali Companhia de Seguros, S.A and Generali Vida Companhia de Seguros S.A. and changed its name to Generali Seguros, S.A.. The transaction enables Generali to maintain its fast-paced integration project and growth plans in the country.

Profitable growth, p. 33

NFS

The Board of Directors of Assicurazioni Generali approved the adoption of the new Corporate Governance Code, that aims to ensure the constant conformity of listed companies with international best practices. Generali will apply the new Code starting from 2021, reporting to the market in its Corporate Governance and Share Ownership Report to be published in 2022.

Our governance and remuneration policy, p. 54

Fitch confirmed Generali's A- Insurance Financial Strength (IFS) rating and the BBB+ Issuer Default Rating (IDR). The outlook remained stable. The ratings reflected Generali's strong capitalisation and very strong business profile, mainly thanks to its leadership positions in Italy, Germany and France. The Group's financial leverage was seen as moderate for its ratings.

Generali subscribed the reserved share capital increase for Cattolica Assicurazioni for a total of € 300 million, thus holding a stake representing 24.46% of the issuer's share capital.

Profitable growth, p. 33

NOV20

The Board of Directors of Assicurazioni Generali approved the Financial Information at 30 September 2020 and examined the conditions for the payment of the second tranche of the 2019 dividend approved by the Shareholders' Meeting on 30 April 2020, equal to € 0.46 per share, to be paid by year-end and subject to the Board's verification.
In particular, the Board of Directors verified the compliance with the limits set by the Group's Risk Appetite Framework at 30 September 2020.
The Board of Directors took note of the letter received from IVASS on 10 November 2020, in which the Regulator indicated that the application of the European Systemic Risk Board (ESRB) recommendation dated June 2020 - and still in force with regards to dividend distribution - had general application and didn't entail a case by case evaluation, therefore committing the Group not to proceed with the payment of the second tranche. Despite the conditions set out in the Group's Risk Appetite Framework being met, the Board then decided to comply with the current demands of the Regulator and consequently not to proceed with the payment of the second tranche of the 2019 dividend by the end of 2020. In addition, in 2021 the Group, subject to a positive Regulatory position, intends to seek shareholders' approval also for the distribution of the second tranche of the 2019 dividend.

NFS

Generali confirmed in the Dow Jones Sustainability World Index and in the Dow Jones Sustainability Europe Index, a recognition of excellence for approach taken by the Group to integrate sustainability into its core business.

The Generali 2021 strategy, p. 30

Generali met with the financial community for the Investor Day. It confirmed the strategy is still valid and fully committed itself to financial targets, drawing attention to its ability to effectively face the global Covid-19 crisis and to the core convictions at the heart of its strategic plan.

The Generali 2021 strategy, p. 30

NFS

Generali won the 2020 Oscar di Bilancio (the Academy Award for Financial Statements), a prestigious award presented by FERPI (Italian Federation of Public Relations) for its clarity, methodological rigour and transparency, as well as for the innovative and comprehensive approach in "fully integrating non-financial information (Non-Financial Statement) in the annual report [...] with an effective 'Core and More' approach."

Moody's confirmed Generali's IFS rating at Baa1 and all ratings of debt instruments issued or guaranteed by the Group: Baa2 senior unsecured debt; Baa3(hyb) senior subordinated debt; Ba1(hyb) junior subordinated debt, Ba1(hyb) preferred stock. The outlook remained stable.

DEC20

NFS

Generali and Accenture created a joint venture (GOSP - Group Operations Service Platform) that will leverage cloud technologies and shared technology platforms to accelerate the Group's innovation and digital strategy in line with the Generali 2021 strategic plan. The new solutions, including establishing a more centralized governance, will enable the Group to improve operational efficiencies and profitability, achieve cost savings, and enhance service quality to meet the digital expectations of customers, agents and employees.

Innovation and digital transformation, p. 37

AM Best confirmed Generali's Financial Strength Rating (FSR) at A (Excellent), the Long-Term Issuer Credit Rating (Long-Term ICR) at a+ and its long-term credit ratings for debt instruments issued or guaranteed by Generali (Long-Term IRs). The outlook was stable.

Generali signed an agreement for the 100% acquisition of AXA Insurance S.A. in Greece and renegotiated its distribution agreement in place with Alpha Bank expiring in March 2027, by extending it for twenty years from the closing of the acquisition. The acquisition of the company and the extension of the distribution agreement aim to strengthen the Group's leadership position in Europe, offering meaningful synergies. They are consistent with the Group's capital redeployment strategy in disciplined M&A to support profitable growth.

Profitable growth, p. 33

SIGNIFICANT EVENTS AFTER 31 DECEMBER 2020 AND 2021 CORPORATE EVENT CALENDAR

JAN21

NFS

Following an in-depth assessment carried out to verify the full compliance of the Tax Control Framework adopted for the detection, management and control of tax risks, Assicurazioni Generali was admitted to the cooperative compliance regime that enables an innovative way to maintain constant and pre-emptive dialogue with the Italian Revenue Agency (Agenzia delle Entrate). The admission to the regime, which is already valid for the 2020 fiscal period, is in line with international best practices and is in continuity with the Generali's Tax Strategy.

Our rules for running business with integrity, p. 51

The Board of Directors of Assicurazioni Generali approved a proposal from Group CEO for a new Group organizational structure, resulting in the termination of the General Manager function. The new organizational structure is designed to address key strategic priorities for the continued successful execution of the Generali 2021 strategy and prepare the Group for the next strategic cycle: enhance further discipline in asset liability management; accelerate the implementation of the Asset Management multi-boutique platform strategy, also through the development od additional skills; and speed up the pace of digital transformation.

FEB21

NFS

The Human Safety Net and Fondazione Italiana Accenture joined forces, as part of a broader project shared by other leading Italian foundations, to accelerate the digitalisation process of the non-profit sector in Italy, thus fostering their growth and structural evolution in the emergency period caused by the spread of Covid-19.

NFS

At its 190th anniversary, Generali announced Fenice 190, a € 3.5 billion investment plan to support the recovery of the European economies impacted by Covid-19, starting in Italy, France and Germany and to then target all of European countries in which the Group operates throughout the five years of the plan. The extraordinary initiatives launched in 2020 to tackle the effects of the pandemic become permanent; they included investments in support of SMEs and the real economy already surpassing the established objective of € 1 billion. To add to this initial amount, Generali is pledging an annual commitment of € 500 million per year, over the next five years, for sustainable growth through international investment funds focusing on infrastructure, innovation and digitalization, SMEs, green housing, health care facilities and education.

MAR21

10 March 2021. Board of Directors: approval of the Annual Integrated Report and Consolidated Financial Statements, the Parent Company Financial Statements Proposal and the Corporate Governance and Share Ownership Report at 31 December 2020 and the Report on Remuneration Policy and Payments
11 March 2021. Release of the results at 31 December 2020

APR21

29 April 2021. Shareholders' Meeting: approval of the Parent Company Financial Statements at 31 December 2020 and the Remuneration Policy as well as the other agenda items

MAY21

17 May 2021. Board of Directors: approval of the Financial Information at 31 March 2021
18 May 2021. Release of the results at 31 March 2021
26 May 2021. 2020 dividend payout on the share of Assicurazioni Generali, equal to € 1.01*

AUG21

2 August 2021. Board of Directors: approval of the Consolidated Half-Yearly Financial Report at 30 June 2021
3 August 2021. Release of the results at 30 June 2021

NOV21

10 November 2021. Board of Directors: approval of the Financial Information at 30 September 2021
11 November 2021. Release of the results at 30 September 2021

* The second tranche of the 2019 dividend, equal to € 0.46, will be payable as from 20 October 2021 and the shares will be traded ex-dividend as from 18 October 2021: such second tranche will be payable subject to the verification by the Board of Directors of the absence of impeding supervisory provisions or recommendations in force at that time.

NFS

THE VALUE CREATION PROCESS

EXTERNAL CONTEXT

GEOPOLITICAL AND FINANCIAL INSTABILITY

PANDEMICS AND EXTREME EVENTS

FINANCIAL CAPITAL
HUMAN CAPITAL
SOCIAL AND RELATIONSHIP CAPITAL
INTELLECTUAL CAPITAL
MANUFACTURED CAPITAL
NATURAL CAPITAL

OUR PURPOSE

Enable people to shape a safer future by caring for their lives and dreams

VALUES

- Deliver on the promise
- Value our people
- Live the community
- Be open

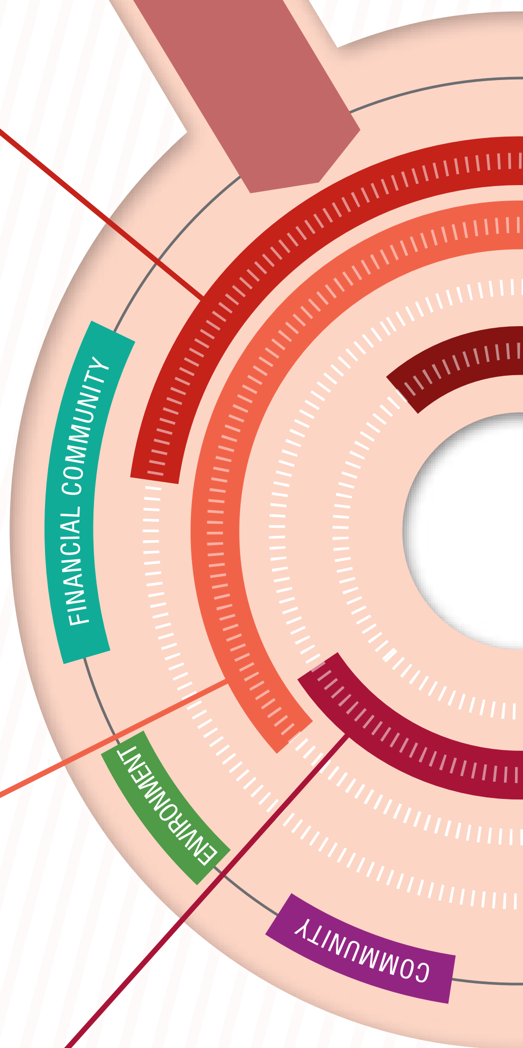
www.generali.com/who-we-are/our-cultue

OUR BEHAVIOURS

- Ownership
- Simplification
- Innovation
- Human touch

BRAND

GENERALI



THE GENERALI 2021 STRATEGY p. 30

Being a Lifetime Partner to customers, offering innovative, personalized solutions thanks to an unmatched distribution network

Leading the European insurance market for individuals, professionals and SMEs, while building a focused, global asset management platform and pursuing opportunities in high potential markets

OUR GOVERNANCE p. 54

Within a challenging economic and financial environment, we are convinced that our governance - which complies with the best international practices - is adequate for effectively pursuing our strategy the **sustainable success** of the Company

NFS

Glossary available at the end of this document

DIGITAL REVOLUTIONAND CYBERSECURITY

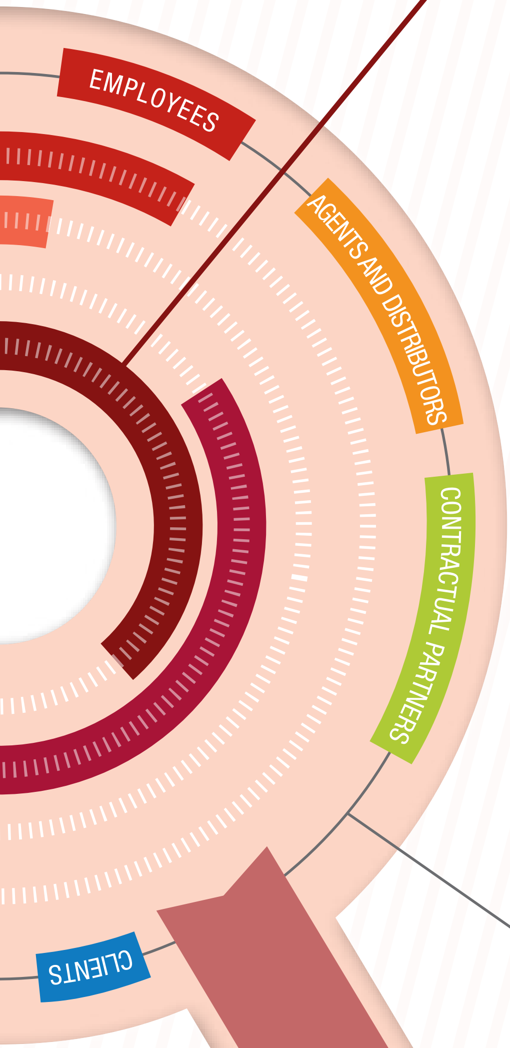
CLIMATE CHANGE

AGING AND NEW WELFARE

Challenges and opportunities of the market context, p. 20

OUR BUSINESS MODEL

We effectively face the challenges of the market context, by leveraging our core strengths: a clear strategy, a focus on technical excellence, a strong distribution network, the Group's solid capital position and a diversified business model, that proved resilient even in a complex context like the pandemic one.



We develop simple, integrated, customized and competitive Life and Property&Casualty **insurance solutions** for our customers: the offer ranges from savings, individual and family protection policies, unit-linked policies, as well as motor third-party liability (MTPL), home, accident and health policies, to sophisticated coverage for commercial and industrial risks and tailored plans for multinational companies. We expand our offer to **asset management solutions** addressed to institutional (such as pension funds and foundations) and retail third-party customers. We rely on **innovation** as a key driver for future growth to allow for tailored solutions and quicker product development. We are also committed to **high value-added solutions from a social and environmental perspective**. Rigorous criteria for the risk selection are applied in the underwriting process.

We distribute our products and we offer our services based on a **multi-channel strategy**, while also relying on **new technologies**: not only through a global network of agents and financial advisors, but also through brokers, bancassurance and direct channels that allow customers to obtain information on alternative products, compare options for the desired product, acquire the preferred product and rely on excellent after-sales service and experience. Proprietary networks are a key and valuable asset for our business model. Their role is to dialogue with and assist customers at their best, striving for customer experience excellence and promoting the Generali brand.

We receive premiums from our customers to enter into insurance contracts. They are responsibly invested in high quality **assets**.

We pay **claims and benefits** to our policyholders or their beneficiaries after death, accidents or the occurrence of the insured event. The payment is guaranteed also through appropriate asset-liability management policies.

Information on **STAKEHOLDERS**, other than what reported in the relating chapters, is available in:

Appendices to the Management Report, p. 152

www.generali.com/our-responsibilities/responsible-business/stakeholder-engagement

FINANCIAL CAPITAL p. 63
HUMAN CAPITAL p. 41
SOCIAL AND RELATIONSHIP CAPITAL p. 37, 46, 51
INTELLECTUAL CAPITAL p. 37, 54
MANUFACTURED CAPITAL p. 34, 75
NATURAL CAPITAL p. 47, 51

CHALLENGES AND OPPORTUNITIES OF THE MARKET CONTEXT

NFS

In an operating context made even more complex by the pandemic, we have continued to monitor the mega trends that pose significant risks and opportunities for the Group and for our stakeholders, with a view to sustaining our ability to create value over time.
The Generali 2021 strategy has proven to be particularly resilient, enabling us to implement the activities envisaged by our plan, also taking these challenges into account and guaranteeing the systematic assessment[14] eand adequate risk monitoring.

Risk Report, p. 117 in the Annual Integrated Report and Consolidated Financial Statements 2020 for more detailed information on the risk management model and on the capital requirements

GEOPOLITICAL AND FINANCIAL INSTABILITY

2020 was characterised by the rapid spread of the Covid-19 pandemic, the first wave of which started in March, followed by a second wave after the summer. In the spring, the governments of the various countries involved imposed restrictions on mobility to prevent the spread of the virus, and various lockdowns were established, which had negative repercussions on the economy. Even during the second wave, both social distancing and selective lockdown measures were implemented. The economic crisis in the second quarter due to the pandemic proved to be less serious than initially expected; nevertheless, the recovery in the second half of the year, albeit significant, didn't offset the fall in the first half.
Overall, the Covid-19 pandemic is predicted to have caused long-term economic damage. As economic insecurity persists, linked, among others, to unemployment and to low financial returns, the propensity for saving is likely to increase further and the deterioration of company finances are expected to hinder business investment. In a scenario that as a whole is on a downtrend, the GDP of the Eurozone for 2020 is estimated to be -6.8%, and that of the United States -3.5%. The significant boost of monetary and fiscal policies will contribute to mitigating, but not offsetting, these dynamics. After the setback experienced in the first quarter, in the last few months of the year the financial markets showed a recovery following the result of the US elections and news of the development of vaccines against Covid-19.

Our management

The asset allocation strategy is still mostly guided by consistency with liabilities and the Group's return and solvency objectives. The situation of uncertainty due to Covid-19, the constraints of the regulatory system and the continued low interest rates make it essential to manage assets in a rigorous and careful manner that is consistent with liabilities. More specifically, the long-term matching of liabilities is performed above all through government bonds with a high credit rating. Investments in the stock market have become increasingly prudent in this period of market volatility. Geographical diversification and selective focus on alternative investments (private equity and private debt) and on real assets (real estate and/or infrastructure investments, both direct and indirect) continue to be important factors in current investment activities which aim to contain portfolio risks and sustain current return. We have continued to develop the multi-boutique platform for insurance asset managers to enhance investment capacity in these market sectors. We have also further integrated ESG dimensions (Environmental, Social and Governance) in the process of strategic investment allocation, specifically focusing on climatic change, backing companies that have a lower impact in terms of fossil emissions and that are focused on sustainable development, both environmental and social.

NFS

Group's financial position, p. 75

We are exposed to the market risks arising from the fluctuations in value investments and to the credit risks linked to the risk of counterparties' non-fulfilment as well as to expansion of the credit spread. We are handling these risks by following principles of sound and prudent management, in line with the Prudent Person Principle and with the Group Investment Governance Policy and risk guidelines. We measure financial and credit risks using the Group's Partial Internal Model, which offers us a better representation of our risk profile.

14 During 2020, the framework for the assessment and management of operational risks was further improved, allowing the Group to obtain, *inter alia*, approval from the main European regulators for the extension of the use of the Partial Internal Model to calculate capital requirements for Solvency II purposes also for this risk category.

NFS

PANDEMICS AND EXTREME EVENTS[15]

The rapid spread of the Coronavirus (Covid-19) has become one of the greatest global challenges in decades. Spreading in China at the end of 2019, the virus quickly transformed into a pandemic in the first few months of 2020, with a global count of almost 84 million infections and over 1.8 million deaths at the end of December.

Italy was the first European country to be significantly impacted by the virus at the beginning of March, where the lockdown measures needed to reduce the curve of infections and avoid the collapse of the healthcare system were adopted. The Italian approach was then replicated, with different measures and timing, in other European countries that were particularly affected, such as Spain, France and the United Kingdom. Germany was hit to a lesser extent in the first wave, therefore the shut-down of business activities was less severe than countries in Southern Europe.
The further spread of the virus in the United States and in numerous emerging economies required severe lockdown and social distancing measures, which blocked a large share of the advanced economies. In the Eurozone, employment started to fall, although the impact appears to still be light due to the economic support measures for workers set in place by governments, but is expected to worsen, with serious repercussions for the labour market.
Around mid-March, as news spread about the increase of infections in Italy and Europe, the financial markets started to feel the effects of the pandemic and, in parallel, credit spreads widened significantly. In the main world economies, governments took prompt measures to handle the crisis and the consequent recession. In Europe, the bold monetary stimulus of the Central Bank was combined with the creation of the Next Generation EU. This is a temporary instrument comprised by loans and grants totalling € 750 billion, designed to boost the recovery, and which, coupled with the EU's long-term budget, will be the largest stimulus package ever financed at European level, allocating a total of € 1,800 billion, with the objective of creating a more sustainable, more digital and more resilient Europe.

Over the autumn, the major European countries gradually experienced a resurgence of the pandemic, with a second wave, initially in Spain, France and the United Kingdom, followed by Italy and Germany: social distancing measures were therefore reintroduced.
At global level, the pandemic has continued to escalate in the rest of the world, starting from Eastern Europe, Russia, Latin America, India and the United States, with the notable exception of China and other countries in South-East Asia, which were able to more effectively control the spread of the pandemic, as did Australia and New Zealand.
The better control of the epidemic enabled China to report a 2.3% increase of GDP in 2020, and the IMF has predicted that it will be the only G20 country to record a growth compared to 2019.
About the financial markets, after the significant fall in the first quarter due to the outbreak of the pandemic, the share indices bounced back considerably due to monetary and fiscal stimulus measures, although volatility continued to be high. Furthermore, the propensity to risk has risen both due to the end of uncertainties provoked by the outcome of the US elections, and to promising news about vaccines.

With regard to the insurance sector, the uncertainty linked to the duration of the pandemic and its economic consequences (especially in terms of labour market prospects) increased the risk aversion of households, making their consumption more cautious and increasing their propensity for precautionary saving.
In the Life segment, the savings and pension business recorded a fall in new business and, in certain countries, a rise in surrenders. With respect to protection policies, a growing interest was shown in insurance solutions for personal and household protection, both at individual level and as regards company welfare.
In the Property & Casualty segment, the decline of premiums continued to be modest. With regard to the motor line, the restrictions on mobility - both public and private resulting from the lockdown measures and the reduced number of new vehicle registrations - as well as increased competitiveness, placed the increase of average premiums under pressure.
In the non-motor line, a substantial fall in the business relating to travel was reported, due to the economic effects of restrictions to movements and of the other measures to contain the spread of the virus. The commercial and SMEs line also reported a downturn, as said restrictions caused a lower propensity to spending of customers and the ability to make purchases.

The high volatility of the financial markets, the continuous pressure on revenues and the higher operating costs incurred to guarantee business continuity during the lockdown period also impacted the global asset management market.
This context further accelerated the pre-existing trend towards sector consolidation; given the increasing low margins, the number of business combinations within the sector intensified, to achieve economies of scale, offer a wider range of products and a greater distribution footprint.
The pandemic changed the forecasts made at the beginning of the year for all asset classes. The substantial intervention of central banks further affected interest rates and the bond markets, also significantly influencing stock market trends.

15 Extreme events are illustrated in the Climate change mega trend.
Said section has been drawn up in accordance with *European common enforcement priorities for 2020 annual financial reports* of ESMA. See also *Disclosure on the quantitative impacts of Covid-19 on the Group in Group's performance*.

NFS

Numerous economic sectors had to face very serious consequences resulting from the interruption of certain economic activities.
In the first quarter of 2020, all asset classes, except for government bonds with better credit ratings, reported extremely negative performances, and the stock markets posted losses of around 20-25% depending on their location. Losses were recovered in the following quarters, where the combined effect of the US elections and the vaccine announcements of several pharmacy companies had positive effects on the highest risk asset classes.

Our management

BUSINESS

About the insurance business, the different markets we operate in were impacted in different ways and with different timing. In all business segments, the organisational response of Generali to boost its digitalisation process was a decisive factor.
Considerable efforts were made to speed up the digitalisation of remote sales and renewal processes, underwriting and claims, digital signatures, as well as self-service functions to benefit both customers and distributors. Generali Italia is a good example of remote sales, as it exploited the cloud to manage all of its contact centers remotely (over 1,000 operators), as well as all sales processes, guaranteeing the possibility of selling Life and motor policies remotely also using innovative and self-service payment methods.
As well as managing sales and renewal processes remotely, we introduced new ways and occasions for interaction with our customers (for example virtual events and loyalty campaigns) and provided support to our agents to be more visible on digital channels.
The omni-channel approach continues and will continue to underlie our future digital development. More specifically, digitalisation should be leveraged to boost and extend the abilities of the sales force of our physical network. In this regard, our objective is to continue to develop the following areas:

- to improve Customer Relationship Management (CRM) tools and promote the remote consulting model to understand the needs of our customers in a more structured manner, and to suggest the best possible solutions;
- to provide support to agents in managing changes in our network, in a gradual process, towards the increasing awareness of the benefits of digital transformation;
- to spread and extend the use of digital tools, which enable any indications of interest by prospects in our products and services to be collected and redirected to the physical network (for example, an agent re-contacts a prospect who has asked for a policy quote on our website);
- to boost the presence and the visibility of our agents on social media and the web, for example by publishing contents that are relevant to their customers.

Although the key markets of the Life business in Europe were significantly affected over the entire year, the Group demonstrated its resilience. New business slowed down, particularly in terms of traditional products, in line with the strategic objective to rebalance the Group's Life portfolio. Unit-linked products, which had initially suffered the impact of stock market tensions, reported a significant increase, driven by results in Italy, France and Germany. The protection policies line showed good performance in terms of new business, driven by the growing need for insurance protection. In this regard, we promptly set several initiatives in motion to support our customers, both financially and by launching new value-added services, ranging from the care of physical and mental well-being to remote medicine through, among others, Europ Assistance.
The pandemic may have direct and indirect effects on the Life and Health risks underwritten by Generali. The direct effects regard the potential increase of claims paid on policies that provide cover in the event of death or health coverage; the indirect effects regard the potential need of customers for liquidity, generated by the economic crisis, which may imply higher surrender payments. In both cases, the impact observed on the Group to date has been fairly insignificant. To continue to effectively manage risks in the event of death or sickness, we adopted adequate underwriting processes that assess the health conditions and the demographics of the policyholder in advance. In addition to underwriting processes, we monitor changes in claims and in this regard, we assess lapse risk and mortality risk, including the catastrophe risk resulting from a pandemic event, using the Group's Partial Internal Model.

In the Property & Casualty segment, we promptly responded to the new circumstances by increasing the range of our products with new covers and services, adapting contractual terms and conditions and improving, with the extensive use of digital tools, the operating processes to take out policies and settle claims to manage the lockdown situation.
We provided financial support in almost all markets, also beyond that required by the authorities and governments, both to our customers and to our networks of agents, through a series of initiatives to defer payments and extend coverage.

About the loss ratio, initially a substantial fall in the number of claims reported was observed, mainly in the motor line, due to the lesser use of vehicles, as well as the slower notification by customers and workshops that were closed. Despite the gradual reduction of the restrictive measures, even the subsequent months were characterised by a fall in the claims frequency of the motor line. Besides, this decrease enabled various measures to be implemented during the year to provide support to our customers, agents and employees and their families.
On the other hand, the non-motor line reported a substantially unchanged loss ratio, in terms of the number of claims, even though for some lines much higher costs were observed, due mainly to refunds for cancelled trips.
The possible impact of the pandemic on Property & Casualty underwriting risks is represented by a potential increase of reserving risk with regard to the business interruption line (interruption of the working activities of worksites, restaurants and other businesses impacted by the lockdown imposed by European governments), and the third-party liability line, which have shown a rise in the loss ratio. We measure changes in claims and we assess reserving risk through the Group's Partial Internal Model.

Investment in the Group's insurance portfolios resulting from the Covid-19 health emergency was guided by the objective to stabilise the Solvency II position, by reducing the exposure of the same to a further cut of long-term interest rates. From a trading perspective, this led to the disposal of short and medium-term bonds, especially in the segment of corporate bonds, equities and Fixed-Income Emerging Market funds, reinvesting the majority of the liquidity in long-term core and semi-core government bonds.
It is important to emphasise that part of the liquidity invested in long-term bonds was generated by the sale of corporate bonds: this enabled the credit portfolio to be more solid, by disposing of securities that we were less confident about.
The reduction in the exposure to equities in the second half of 2020 was key to reduce both impairments and the capital absorbed.
As for real estate, attention was strongly focused on defending real estate values through the careful management of tenants.
The Group also joined the European Green Recovery Alliance, strengthening its position as sustainable investor, after being the first insurance company to issue a Green Bond in 2019, followed by a second issue in July 2020.

At the beginning of the Covid-19 pandemic, the Asset and Wealth Management segment suffered the partial reduction of several commissions linked to the fall in stock prices and in fixed-income instruments (corporate bonds and other peripheral government bonds, including BTPs), followed by a strong recovery as soon as the markets started to rise. During the period of the pandemic, measures were taken to contain the costs of all activities that are not strategic to business development.
The second wave of the pandemic created new obstacles to growth, with tangible consequences also in the financial markets, marked by a return to volatility. In this climate, a greater need for consulting was perceived, to protect household savings and support SMEs.
As regards Wealth Management, numerous initiatives were launched, also through tools such as Digital Collaboration to approve transactions agreed remotely, or simplified trading to send instructions via e-mail and approve purchase and sale orders by phoning customer care, in order to protect the safety of workers and customers.

Lastly, note that the Group signed a Memorandum of Understanding for a common commitment to cooperate so as to promote and implement the pandemic risk pool with Eurochambres, the European organisation of Chambers of Commerce and Industry which represents more than 20 million businesses - of which over 93% are small and medium-sized enterprises (SMEs) - operating in 43 different European countries.

RISKS

The pandemic is an event included in the Group's operational risk management framework, which can seriously compromise the continuity of company business and, as such, is continuously assessed, mitigated and monitored.
The pandemic event in progress has increased exposure to several risks that affect the people, processes and IT systems of the Group and, clearly, the external environment.
To manage the emergency caused by the Covid-19 pandemic, a common approach was adopted Group-wide, based on the measures adopted in Italy as a benchmark, as it was the first area in Europe to be affected.
The combined adoption of all these mitigating measures is the real key to their effectiveness, guaranteed by a task force which, through dedicated committees, monitors developments and guarantees coordinated action. This means that the risk profile related to operational risk is impacted by the pandemic to a limited extent.

NFS

As regards our people, to manage the emergency, at Group and local level, dedicated task forces were set in place to monitor developments in the situation and to guarantee coordinated action on the measures to be implemented:

- remote working was envisaged where possible, depending on the type of work, and was extended to over 90% of administrative employees during the emergency phase;
- a system to categorise the level of risk for all countries was established, on the basis of which international business trips were blocked or limited;
- all Group events were suspended, or, where possible, held virtually using different technological solutions;
- rules of access to company offices were established, as well as measures to limit the risk of the virus spreading;
- in some countries, a toll-free number managed by Europ Assistance - *Help Line Covid-19* - was activated to provide information and, where necessary, medical and psychological assistance to Group employees and their families;
- in several countries, employees were offered the option of receiving a flu vaccination to facilitate diagnosing infections from Covid-19 and to potentially reduce the consequences.

Lastly, both during the pandemic crisis still in progress, and imagining the future of work in Generali, the approach known as New Normal has proved fundamental, and will be increasingly so, in guaranteeing our people an experience with a wealth of interaction between them and the company, providing the support of effective and flexible digital tools for numerous everyday needs.

The management of pandemic risk impacts the normal performance of both internal processes and those managed through external suppliers.

To manage the crisis provoked by Covid-19, ad hoc measures were set in place to guarantee the continuity of operating processes. More specifically, IT infrastructures were adapted to be able to withstand the extensive use of remote working. Therefore, investments were made to:

- provide employees with laptop computers, if not already assigned, to enable them to work remotely;
- increase connection speed;
- strengthen the tools to manage remote connections safely;
- increase processing capacity, to make IT systems more efficient as a whole.

Innovation and digital transformation, p. 37

The extensive use of remote working has also led to a greater threat of cybercrime. For this reason, changes in the types of attack have been constantly monitored, and the tools in place to identify the attacks and to manage the most appropriate and timely responses have been promptly updated. In addition, campaigns to increase the awareness of our employees to potential cyber threats linked to Covid-19 were conducted. Furthermore, the level of security of the new technical solutions used to facilitate remote working was analysed.

Lastly, the financial markets reported an extremely high level of volatility from the end of February, with a fall in the returns of risk-free instruments and equities, and a widening of bond spreads, with a greater risk of impairment of the equity portfolio and credit risk. After the significant fall in the first quarter due to the outbreak of the pandemic, the share indices bounced back considerably due to monetary and fiscal stimulus measures, although volatility continued to be high. In November, the propensity for risk increased, mainly for two reasons: the outcome of the US elections was positive for the market, combined with news on vaccines.

In the event of a further deterioration of the crisis, liquidity could become a topic of concern for the insurance sector.

To date, the impact observed on the Group's liquidity position has been immaterial, also due to the precautionary management measures taken and to the implementation of the financial optimisation strategy announced as part of the Generali 2021 strategic plan. Cash buffers have been increased and operating, investment and financial cash flows are monitored even more closely. This is applicable to the Parent Company and to its main operating entities.

Generali reacted promptly to protect its customers and policyholders, by continuously monitoring the quality of its loans portfolio, significantly reducing the financial risks of the investment portfolio by extending the duration and reducing the weight of the equity component, revaluing the ability to assume risk for the insurance portfolios and building reserves of liquidity to offset any increases in surrenders or a fall in business.

DIGITAL REVOLUTION AND CYBER SECURITY

We are facing a profound change guided by the interaction and the cumulative effects of various developments in technology: Internet of Things, cloud services, cognitive computing, advanced analytics, Robotic Process Automation (RPA), Artificial Intelligence, 5G and the development of mobile networks are elements that contribute to creating a renewed environment in which to operate in order to optimise efficiency, operations and proximity with customers, agents and employees. We are particularly witnessing the spread of public and context data, the progressive digitalisation of interaction with customers and the growing appetite for personalised products, also thanks to computing power and storage spaces available at low prices. These elements allow insurance companies to transform their way of doing business and interacting into the so-called world of digital ecosystems, where the borderlines between businesses at one time different and distinct are becoming fainter and fainter in order to offer customers a mix of innovative services and traditional products.
Technological evolution also involves exponential growth in cyber threats, such as attacks aimed at stealing information or blocking operational processes. Adequate management of this risk is therefore fundamental in order to limit potential effects of economic and operational nature but also to preserve, in particular, the confidence of customers in the processing of their data, which are frequently sensitive. The issue is also increasingly relevant for regulators which have in recent years introduced specific safety measures as well as reporting processes in the case of security incidents (for example, General Personal Data Protection Regulation).

Our management

As for the third pillar of the Group strategy, Innovation and digital transformation, our digital ambition is *to grant to our customers, agents and employees a top-level experience, becoming a truly agile, innovation-led, digitally enabled and data driven organisation.*
This digital ambition is addressed to:
- customers/prospects;
- agents - thus the physical distribution network, that is and will remain at the base of our Group's commercial and service strategy;
- employees.

For that purpose, we rely on five Digital Enablers: Innovation; Customer Relationship Management (CRM); Smart Automation; Data, Analytics & AI and Agile Organization[16].

Innovation and digital transformation, p. 37

Our digital path is enriched by a strong attention to convergence, a crucial strategy for a Group with a global presence like Generali. Convergence is towards Group standards, common taxonomy, centers of excellence and selected solutions that we implement in specific areas, identified as priorities in the digital context. Our purpose is to boost the so-called time to value, that is speed and flexibility in implementation, respecting the Group organizational model.
We believe that digital development allow us to accelerate the paradigm shift we are committed to: moving from a traditional world of insurance coverage, policy renewal at maturity and claims settlement, to an innovative context where we offer tailor-made solutions, which integrate the key insurance component with high technological services of prevention and customer support.

To achieve our strategic digital targets, also the analysis, enhancement and governance of data are increasingly rooted in the DNA of the Group's processes. At the end of 2019 we launched a program to accelerate the adoption of Advanced Analysis and Artificial Intelligence (AA&AI) techniques throughout the whole Group. This led to the development of over 170 initiatives in different business units, followed by a growing number of dedicated resources, which affect all the aspects of the insurance value chain: from effective and efficient management of claims to customised solutions, from fraud prevention to processes automation, with a view to enhance the experience of our customers, distributors and employees.
The formulations and analyses necessary to enrich customer relations are carried out - while guaranteeing anonymity - both by the single business units on their own and with the Group's support through specific tools and skill sets. The increasing internal culture has made it possible to consolidate platforms that let us leverage synergies coming from the RPA and the cognitive technologies, thus allowing increasingly complex processes to be automated which improves quality and efficiency.
We are currently committed to extend the successful cases achieved in the analytical and technological area by some of our companies to the entire Group, in this way realizing scale economies: teams of experts and dedicated centres of excellence drive this process and also

16 Agile Organization is intended not only as methodology of project implementation, but in its broadest sense of defining a complete digital path - a 360° experience - for our employees, an aspect increasingly relevant in these days.

NFS

leverage the strength of internal sharing among several Communities of Practice, that catalyse the interests of sector and business experts, making the sharing and orchestration of investments effective.

In the perspective of ongoing improvement and exploring new opportunities, we are continuing to scout innovative technological platforms that allow to enable digital ecosystems, both within the Group and with selected partners. We have implemented and are committed to going even further in distributing parametric products in different business lines, in order to offer easier, faster and more intuitive solutions to our customers, by leveraging modern technologies like the use of drones or the real-time tracking of road traffic.

We are in step with the new technologies and are protecting ourselves from the new threats. We defined a new cyber security strategy, named Cyber Security Transformation Program 2, 2020-2022, with the aim to further increase our security posture through the adoption of innovative and advanced solutions and the progressive standardisation and centralisation of the Group cyber services. We will strengthen the Group resilience thanks to the enhancement of our ability to prevent, identify and respond to potential cyber attacks, and increase assessments to ensure adequate security levels to our business initiatives based on cloud and IoT technologies.
Through the Security Operation Center (SOC), we are able to monitor all events recorded by our security solutions 24 hours a day, detect potential incidents and step in with containment and restoration actions. SOC's performance are monitored in a structured manner through specific indicators, that are not reported due to security reasons.
In accordance with the operational risk management model, we have adopted an intervention assessment and prioritisation framework supported by an IT tool available to our countries. The security organisation has been revised locally in order to adopt an integrated approach, including not only cyber security, but also physical & corporate ones. The Group security is ruled by a structured regulatory framework, recently integrated by a crisis management model of all kinds.
We have developed an IT security awareness program for all our employees which consists of various initiatives such as dedicated training courses, videos and ad hoc communications. Internal campaigns simulating phishing have also involved the Group and virtual challenges like Capture the Flag and Cyber Quiz designed to increase the engagement of employees and promote best practices in the area of IT security conduct.
Specific measures to ensure the continuity of all our processes have been designed to manage the Covid-19 emergency.
We have also adopted a Group insurance policy to reduce residual exposure to cyber risk. Its effectiveness is considered in the Group's Internal Model for calculating the capital for operational risks.

Pandemics and extreme events, p. 21

We are measuring operational risk following the regulatory standards and with qualitative and quantitative models that allow us to grasp our most important exposures and to define the adequacy of the existing controls.

CLIMATE CHANGE[17]

Climate change is a material risk with potential more limited effects over the short term, however potentially catastrophic over the long term. Associated with this risk is a high degree of uncertainty in accurately determining a time frame and magnitude of the impacts, especially at the local level. Also, reputational risks could arise from financing or insurancing companies that operate in sectors with high greenhouse gas emissions and lack of adequate decarbonisation strategies. The identified impacts can be classified as physical and transition risks and opportunities.

PHYSICAL RISKS

The physical risks are determined by the change or intensification of weather phenomena, including floods, droughts, heat waves, tropical cyclones, storms and long-term trends like rising sea levels.
These phenomena above all affect pricing risk and natural catastrophe risk in the P&C segment, impacting - conditions being equal - on the number and cost of the claims and their management expenses, as well as reinsurance costs. The Life segment might also be impacted. The intensification of the heat waves and the expansion of the habitats suitable for hosting carriers of tropical diseases indeed might worsen the expected mortality and morbidity rates.
The physical risks caused by climate change, which worsen the living conditions of the population and increase damages not covered by insurance, might also lead to a deterioration of socio-political stability and the macroeconomic and geopolitical conditions, with cascade effects on the overall economy and on the financial system.

17 The Climate change mega trend also includes extreme events.

TRANSITION RISKS

The transition risks are associated with the decarbonisation of the economy and, in general, with the transition to the so-called climate resilient economy: changes in national or international public policies, in technologies and in consumer preferences might impact several sectors, especially higher energy intensity ones up to the phenomenon called stranded assets. A good portion of the impact of these risks depends on the speed to come into line with stricter environmental standards and on the public support that will be guaranteed for reconversion. The transition risks are therefore influenced by factors marked by a high degree of uncertainty, such as political, social and market dynamics and technological changes. Even though the speed of transition and its risks are hard to determine today, they will probably have wide-ranging consequences, especially in several sectors such as energy.

OPPORTUNITIES

Climate mitigation and adaptation strategies offer investment opportunities as well as opportunities for the development of the insurance market. As weather phenomena and extreme events evolve and intensify, a related increase in the demand for protection through specific insurance solutions and risk management is plausible.

The new regulations and the public plans launched in Europe aimed at creating incentives for transition to a green economy, together with the changes in consumer preferences, are also supporting the market of insurance products tied to the renewable energy sector, and this strengthens the demand for investment products linked to green finance by both institutional investors and the retail segment.

The decarbonisation of the economy and, more specifically, the large-scale spread of systems producing energy from renewable sources require substantial investments that are only partly covered with public funds, in this way increasing investment opportunities for private parties.

Our management

These include monitoring the adequacy of the actuarial models to assess and rate risks, recourse to risk transfer mechanisms, periodical analysis of the investments, product and service innovation processes, dialogue with the stakeholders and development of partnerships in the sector to share knowledge and identify system solutions. Particularly noteworthy is our participation in the Net-Zero Asset Owner Alliance, the UNEP-PSI TCFD[18] work group, the PRI (Principles for Responsible Investments) Climate Action 100+ network, in the PRI and LSE (The London School of Economics and Political Science) Investing in a Just Transition project, and the Investors Leadership Network.

PHYSICAL RISKS

We manage short-term physical risks in the short-term by adopting a risk monitoring and careful selection aimed at optimizing the insurance strategy with the use of actuarial models that are periodically updated in order to estimate potential damage, including natural catastrophe damage, influenced by climate change.

We turn to reinsurance contracts and alternative risk transfer instruments, such as the issue of insurance securities protecting against natural catastrophe risks, i.e. cat bonds, like Lion II Re.

In order to reduce exposure to the physical risks of our corporate customers in the Property & Casualty segment, we provide consulting services to introduce technical-organisational improvements capable of increasing the protection of the insured assets even from extreme natural events, and we define claim prevention programs and periodically monitor them.

We have set up special procedures to speed up damage appraisal and claims settlement in the case of natural catastrophes and extreme events so as to strengthen the resilience of the territories struck and to facilitate the post-emergency assistance and return to normality phase.

TRANSITION RISKS

As for the transition risk management, we are reducing the already limited exposure of the investment portfolio to issuers of the coal and tar sand sectors. We also set the objective of making the general account investment portfolio climate neutral by 2050, in line with the Paris Agreement's goal of limiting global warming to 1.5°C compared to pre-industrial levels.

The exposure of our client portfolio to fossil fuel sector is low: we exclude underwriting risks associated with coal, gas and oil exploration and extraction - conventional and not - and since 2018 we no longer offer insurance coverage for the construction of new coal-fired power plants and new coal mines as well as for existing coal-fired power plants owned or operated by new customers.

18 The TCFD (Task force on Climate-related Financial Disclosures) was established in 2015 by the Financial Stability Board (FSB) aiming at formulating a set of recommendations on reporting climate change-linked risks in order to guide and encourage companies to align the information disclosed with the expectations and needs of investors.

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In those countries where coal accounts for over 45% of the domestic electricity mix[19], to limit the negative social impacts deriving from our decision to quit this sector, we are carrying out engagement activities with the companies with whom we have trade relations to implement the principle of just transition that combines the need to protect the climate with minimisation of consequences for local employment and energy procurement. The engagement activity is focused on monitoring emission reduction, worker protection and retraining, and community support plans by analysing their costs and investments allocated for these purposes.
To demonstrate consistency with the commitments required to our customers, issuers and business partners, we are reducing greenhouse gas emissions from our sites and business trips by purchasing green energy and promoting the use of more sustainable means of transport.

OPPORTUNITIES

In order to seize the opportunities arising from mitigation and adaptation to climate change, we offer: insurance solutions to protect customers from natural catastrophe damage, including damage influenced by climate change; coverages for industrial power generation plants from renewables; and insurance solutions to support customers in adopting sustainable lifestyles. We are also expanding the offer of thematic investment products linked to green finance for the retail segment.
We are increasing our green and sustainable direct investments.
We issued a second Green Bond in 2020 to finance or refinance projects related to the acquisition of high-energy performance buildings.

Capital management and financial optimization, p. 34
A continuous commitment to sustainability, p. 47
Group's financial position, p. 75

Management of climate-related risks of negative impact on the Group

Given the importance of risks related to climate change for the finance and insurance sector and the assessments carried out as part of the *Own Risk and Solvency Assessment* (ORSA) process on the main emerging risks, the Climate Change Risk project was launched at the end of 2019 with the aim of defining a reference framework for the management of climate risk for the Group, based on scenario analysis.
The project is part of the European regulatory development which requires the Risk Management function to identify and assess, among the emerging and sustainability risks, those related to climate change, also progressively providing analysis based on specific climate scenarios within the ORSA Report.
The project is developed over an initial 2-year period and it is focused on the risks to which the Group is exposed as a result of the climate change.
Since the project is cross-functional, the Risk Management function coordinated the activities together with Group Sustainability & Social Responsibility function, Group Integrated Reporting function and Group Corporate Affairs function (that are part of the project Committee), interacting with the P&C Claims and Reinsurance functions and several functions in the Group Investment, Asset & Wealth Management business unit.
The activities carried out during the first year of the project included:

- the selection of three climate scenarios based on projections of growth in the emission levels of greenhouses gases as proxy of different levels of temperature rise, in order to catch those with an impact in terms of:
  - transition risk, in a scenario with temperature rise targets consistent with the Paris agreement and the *Net-Zero Asset Owner Alliance* initiative;
  - physical risk, in a scenario with higher levels of temperature rise, reflecting the absence of effective measures to reduce emissions;
  - both physical and transition risk, in an intermediate scenario compared to the previous ones;
- the selection of different frames for the impact assessment of the selected scenarios, including shorter periods for the transition risk and longer ones for the physical risk;
- an initial qualitative and quantitative impact analysis of the scenarios mentioned above relating to:
  - investments in equities and bonds, to identify sectors and the most vulnerable geographic areas;
  - P&C underwriting, to identify business lines and the most vulnerable geographic areas.

19 Data provided by the International Energy Agency.

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AGEING AND NEW WELFARE

Modern communities continue to be influenced by distinct demographic and social phenomena with a strong impact on their socio-economic balances.
In the more mature European economies, we are witnessing a continual process of population aging, driven by an increase in life expectancy and a decrease in birth rates. The international migration phenomena only partially counter-balance this trend, which is in any case otherwise influenced by socio-political initiatives adopted locally.
In the most European countries, the younger age groups are affected by a reduced and often discontinuous capacity to generate average income; this is strongly influenced by a flexible but precarious labour market that does not ensure reasonable certainty for financing the public welfare system. The pandemic will lead to some impacts - although still not well defined - on the communities' demographic structure: mostly the elderly were affected by Covid-19, but at the same time increased the weakness of singles and young families, who are part of that unstable labor market most heavily affected. Therefore, it is expected the confirmation of unbalanced communities, where the increase in social security and healthcare needs do not match the appropriate funding and coverage of public systems by the active population.
The healthcare need naturally evolves towards increasingly sophisticated, hence costlier, supplies and services, which have to face new, and even extreme, needs, as the pandemic has highlighted. At the same time, an enhanced awareness of the bond between health, lifestyles and the environmental context is developing thanks to both public social initiatives and greater proactiveness and promotion from private market.
Erratic local political choices are weighing on the solidity of the welfare systems. A greater perception of uncertainty impacts the coverage of the immediate healthcare and public welfare access requirement, so it is altering system balances that can only take shape over a long-term horizon.
In the context described above, the limited financial resources produced by the younger categories of the population, or from private savings in general, have to be directed and valued more carefully.
Lastly, the matter of human rights grows in importance, especially in the less mature economies, where labour law is under development.

Our management

We actively engage in creating more stable communities while monitoring and tackling the effects of a changing society. This is why we develop and offer flexible and modular pension and welfare solutions for the coverage of healthcare costs and other potential current and future needs for individuals, families and communities. We are committed to become a Lifetime Partner to our customers, strengthening the dialogue with individuals during their entire period of interaction with our companies through new, streamlined services accessible 24/7. The pandemic scenario highlighted even more how the availability of appropriate services and information can be a key element of differentiation. We are increasingly paying attention to the digital transformation, both as a communication channel and as a lever to enhance the efficiency in services to our customers and our distribution network. Through its digital approach, Generali stood close to its customers and its network even in the lockdown phases.

Pandemics and extreme events, p. 21

We provide customers with complete and easily accessible information on products and services while helping them to understand the primary factors that may affect their income capacity and quality of life, and aiding them in accurately assessing their capacity to save as well as identifying their current and future needs. We believe that insurance coverage is the most appropriate tool to forecast and meet potential needs for people of all ages with the required advance notice; we therefore formulate, and present offers even in the case of market contexts with little knowledge and low individual propensity for insurance solutions. Life and Health products, including pension and welfare products, imply Generali's acceptance of biometric underwriting risks, typically mortality, longevity and health. We therefore need to manage them through underwriting processes that are based on an updated assessment of the socio-demographic conditions of the population whose purpose is to understand their relative trends. We also have solid pricing and product approval processes that offer a preliminary analysis of the cases regarding the biometric factors, in line with Local Product Oversight Governance Policies. Such processes are part of a structured governance defined in the Group Policy on Life underwriting. Lastly, we measure the mortality, longevity and health risks using the Group's Partial Internal Model.
We also commit ourselves to and monitor the respect of human rights thanks to the Group's guidelines and policies, including the Code of Conduct, the Responsible Investment Group Guideline and the Responsible Underwriting Group Guideline.

Our rules for running business with integrity, p. 51

THE GENERALI 2021 STRATEGY

BEING A LIFE-TIME PARTNER TO CUSTOMERS, OFFERING INNOVATIVE, PERSONALIZED SOLUTIONS THANKS TO AN UNMATCHED DISTRIBUTION NETWORK

PROFITABLE GROWTH

p. 33

STRENGTHEN LEADERSHIP IN EUROPE:
reinforce #1 market position[20]

FOCUS ON HIGH POTENTIAL INSURANCE MARKETS:
15%-25% earnings CAGR 2018-2021 depending on country/segment

DEVELOP GLOBAL ASSET MANAGEMENT PLATFORM:
15%-20% earnings CAGR 2018-2021

CAPITAL MANAGEMENT AND FINANCIAL OPTIMIZATION

p. 34

INCREASE CAPITAL GENERATION:
> € 10.5 billion cumulative capital generation 2019-2021

ENHANCE CASH REMITTANCE:
+35% cumulative cash remitted to holding 2019-2021 compared to period 2016-2018

REDUCE DEBT LEVEL AND COST:
€ 1.5-2.0 billion debt reduction by 2021;
€ 70-140 million reduction in annual gross interest expense by 2021 vs 2017

INNOVATION AND DIGITAL TRANSFORMATION

p. 37

BECOME LIFETIME PARTNER TO CUSTOMERS

ENABLE DIGITAL TRANSFORMATION OF DISTRIBUTION

TRANSFORM AND DIGITALIZE OPERATING MODEL

about **€ 1 billion** total investment in internal strategic initiatives 2019-2021

3 KEY ENABLERS WHICH DRIVE THE EXECUTION OF THE STRATEGY

01 **OUR PEOPLE**

p. 41

20 Based on IAS-IFRS gross written premiums in Europe at year-end 2017.

LEADING THE EUROPEAN INSURANCE MARKET FOR INDIVIDUALS, PROFESSIONALS AND SMES, WHILE BUILDING A FOCUSED, GLOBAL ASSET MANAGEMENT PLATFORM AND PURSUING, OPPORTUNITIES IN HIGH POTENTIAL MARKETS

GENERALI 2021 / FINANCIAL TARGETS

GROWING EARNINGS PER SHARE	GROWING DIVIDEND	HIGHER RETURN FOR SHAREHOLDERS
6%-8% EPS CAGR RANGE[21] 2018-2021 ON TRACK	**55%-65%** DIVIDEND PAYOUT RANGE[22] 2019-2021 **€ 4.5 - € 5 bln** CUMULATIVE DIVIDENDS 2019-2021	**> 11.5%** AVERAGE RETURN ON EQUITY[23] 2019-2021
ON TRACK	**ON TRACK** SUBJECT TO REGULATORY ENVIRONMENT	**2019 and 2021e** ROE >11.5% **2020** impact of Covid-19 and one-offs Average RoE 2019-2021 won't be higher than 11.5% due to 2020 evidence

Our performance, p. 63

02 A STRONG BRAND

p. 46

03 A CONTINUOS COMMITMENT TO SUSTAINABILITY

p. 47

21 3 year CAGR; adjusted for impact of gains and losses related to disposals.
22 Adjusted for impact of gains and losses related to disposals.
23 Based on IFRS Equity excluding OCI and on total net result.

> “Our Generali 2021 strategy remains effective and even more valid in the current market context. The Group is navigating the most serious post-war global crisis by leveraging its strengths: disciplined strategy execution, focus on technical excellence, strong distribution network and a diversified business model. These strengths, combined with our solid capital position and excellence in innovation, allow us to fully commit to the financial targets of our strategy and to be well-positioned to capitalize on future opportunities. Two years after the launch of the plan, we are maintaining our commitments to all stakeholders, thanks also to the empowerment of our people, an increasingly strong brand and our growing commitment to sustainability.
>
> ***Philippe Donnet,*** *Generali Group Chief Executive Officer*

The Covid-19 pandemic spread around the worl represents not only a serious threat to people’s health: it is also causing a major economic crisis and great uncertainty in financial markets.

Therefore, during 2020 we carried out a detailed analysis of our strategy to verify if it was still valid and consistent in light of the new context. We were able to confirm we are solid and fully committed to reach our financial targets by 2021 thanks to three key factors:
- our resilient financial and operating performance thanks to our core strengths underpinning Generali 2021: a clear strategy, a focus on technical excellence and a high-quality, diversified business model;
- proactive and decisive actions taken since the beginning of the crisis to protect value of shareholders, our customers and our people;
- our core convictions underpinning Generali 2021, which are today more relevant than ever and allow us to capitalize on emerging opportunities.

We also worked on the implementation of our strategic initiatives in line with our ambition to become a Lifetime Partner to our customers. The strategic initiatives are applied to both the corporate functions and the Group’s geographies throughout. They therefore actively involve hundreds of colleagues worldwide, and their goal is to accompany the Group’s business units on their paths to meeting the goals of the strategic plan, by promoting an agile and entrepreneurial work method and by increasing the level of involvement and sharing between all employees.
As to monitor the execution of the strategy and internally share its progress, we continued to use the FastBoard tool, that summarises the performance of the key indicators functional for carrying out the Generali 2021 strategy.

Communities of Practice

Communities of Practice

They represent one of the building blocks of our strategy. The communities promote a collaborative approach among colleagues, by removing any functional and geographical barriers; they share knowledge and work together also for the identification and scale-up of best practices in the Group. Thanks to their new way of working, based on collaboration and co-creation, they accelerate the implementation of innovative ideas in an inclusive environment, in full alignment with strategic initiatives.

Communities of Experts

Communities of Experts

Through the power of collaboration and sharing of innovative ideas and experiences among subject matter experts, the Communities of Experts are transforming our way of working and learning from one another, helping Generali in its ambition to become a Lifetime Partner to our customers all over the world.

PROFITABLE GROWTH

STRENGTHEN LEADERSHIP IN EUROPE

FOCUS ON HIGH POTENTIAL INSURANCE MARKETS

DEVELOP GLOBAL ASSET MANAGEMENT PLATFORM

The core convictions underpinning the three-year plan were also reinforced in light of current trends. They offered us the opportunity to strengthen our leadership position in Europe through the disciplined execution of the strategy, to seize growth opportunities by leveraging protection offering and asset management, and to accelerate digital transformation and omni-channel distribution.
We are well positioned to seize opportunities for profitable growth in Life segment as for capital-light, unit-linked and health products as well as in pension business in a context where the demand for such solutions increases in line with an ageing population, providing a unique opportunity for pension products. We can also leverage the excellence of our distribution network as well as excellent technical margins, especially in the P&C segment showing the lowest and the least volatile combined ratio among peers. They couple with a wide range of products, including asset management solutions, ESG options, biometric products and solutions for seniors.

Challenges and opportunities of the market context, p. 20

We defined rigorous and disciplined criteria for M&A transactions and identified three key strategic areas where acquisitions and partnerships could boost our existing offer. We were consistent with our strategic priorities and we successfully enhanced our leadership position in Europe, effectively integrating acquired companies and creating incremental value through partnerships.

STRATEGIC PRIORITIES	COMPLETED ACQUISITIONS AND PARTENERSHIPS
REINFORCE LEADERSHIP IN EUROPE	ADRIATIC SLOVENICA AND CONCORDIA to reinforce our presence in Central-eastern Europe SEGURADORAS UNIDAS to enhance our strategic positioning in Portugal CATTOLICA strategic partnership to reinforce our leadership position in the Italian market across 4 strategic business areas: Asset management, Internet of Things, Health Business and Reinsurance, together with the subscription of the reserved share capital increase, that brought our shareholding to 24.46% of the issuer's share capital AXA INSURANCE* to strengthen our leadership position in Greece. Renegotiated its distribution agreement in place with ALPHA BANK, a partnership that is in line with the ambition to enhance the bancassurance channel in order to boost P&C sales in Greece
ENHANCE ASSET MANAGEMENT CAPABILITIES	LUMYNA leader company in the development of alternative UCITS (Undertaking for the Collective Investment of Transferable Securities) strategies SYCOMORE partnership to enrich the offering with innovative investment solutions, and to strengthen the focus and capabilities on sustainability and responsible investments for customers KD SKLADI a Slovenian mutual fund manager Union Poland a Polish asset management company
INCREASE SERVICE-BASED REVENUES	ADVANCECARE a Portuguese service platform operating primarily in the healthcare sector, a leader in the management of medical service outsourcing

* Acquisition announced on 31 December 2020, pending completion.

CAPITAL MANAGEMENT AND FINANCIAL OPTIMIZATION

INCREASE CAPITAL GENERATION

ENHANCE CASH REMITTANCE

REDUCE DEBT LEVEL AND COST

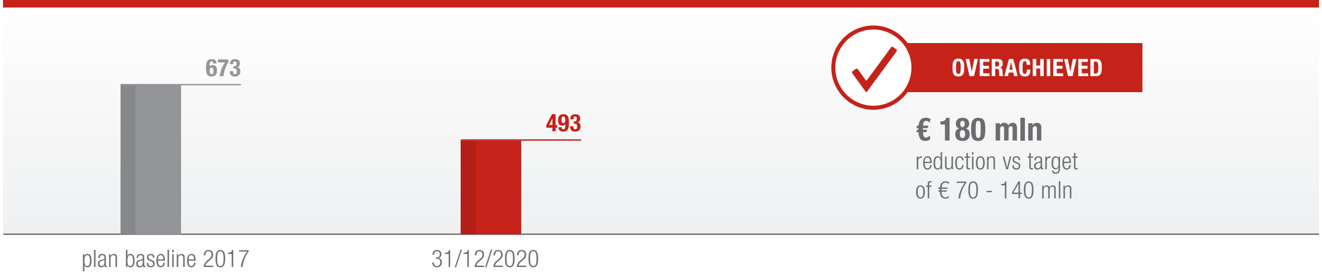
The successful implementation of our capital management framework is fundamental to achieve our cash and capital targets. The framework provides risk-adjusted and return on equity metrics used as threshold of capital and M&A strategic choices. Our capital planning and monitoring process allowed us to measure cash remittances from the business units, also through a standardised assessment of the free excess capital that leverages our Internal Model and consider local limits and risk tolerance. Effective actions and governance structure allowed to optimize cash and capital remittances among the holding and business units.
The Group has a solid capital position at both Group and major business units' level, even under stress scenarios. Our solid solvency is supported by capital management actions and a consistent capital generation, driven by a resilient Life new business and an excellent P&C current year best estimate result measured according to Solvency II criteria.

We are consistent and effective in our cash centralization strategy by extending the participation to newly acquired entities and by enabling new levers to complete the centralized treasury model. This has translated into a greater discipline in cash management across the Group, as reflected in a higher and more stable cash position at Parent Company level.

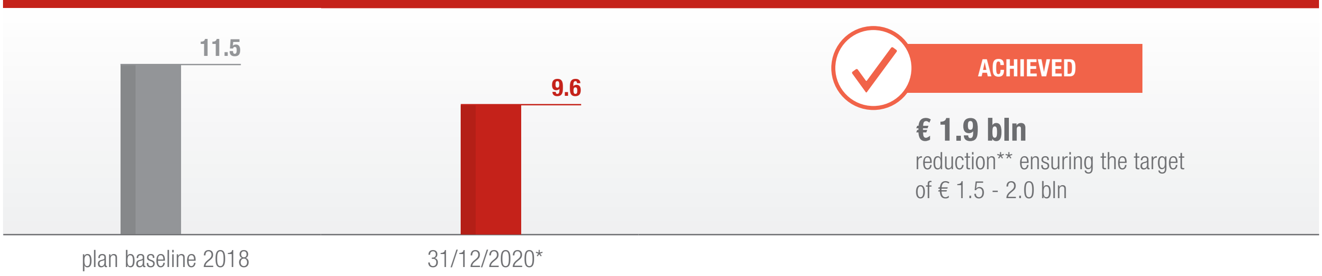
We continue to adopt an active debt management approach, targeting a gross interest expense reduction of between € 70 and € 140 million compared to 2017[24] eand a financial debt reduction of between € 1.5 and 2.0 billion compared to year-end 2018[24]. Thanks to the activities so far carried out from the very beginning of the strategic plan, we already overachieved the gross interest expenses reduction target mentioned above one year in advance. We expect to land with about € 200 million lower interest expense in 2021 compared to 2017. The financial debt reduction amounted to around € 1.9 billion compared to year-end 2018, meeting the higher end of the target range announced in the Generali 2021 strategic plan.
Higher contributions from expense reduction and debt optimization also helped us to confirm our target on earning per share (EPS), even considering the challenging context created by the Covid-19.

Group's financial position, p. 79

INTEREST EXPENSE REDUCTION - Gross of tax (€ mln)



FINANCIAL DEBT REDUCTION (€ bln)



* The Adriatic Slovenica subordinated debt of € 50 million is not included, consistently with the Investor Day 2018 target definition.

** The € 1.9 billion reduction is made up of € 1.75 billion of nominal amount of bonds reimbursed and additional around € 150 million debt reduction related to FX hedges on GBP debt reimbursed, partly compensated by hedging derivatives MtM movements. The Adriatic Slovenica subordinated debt is not included, consistently with the Investor Day 2018 target definition.

24 The year is considered as the baseline for this indicator.

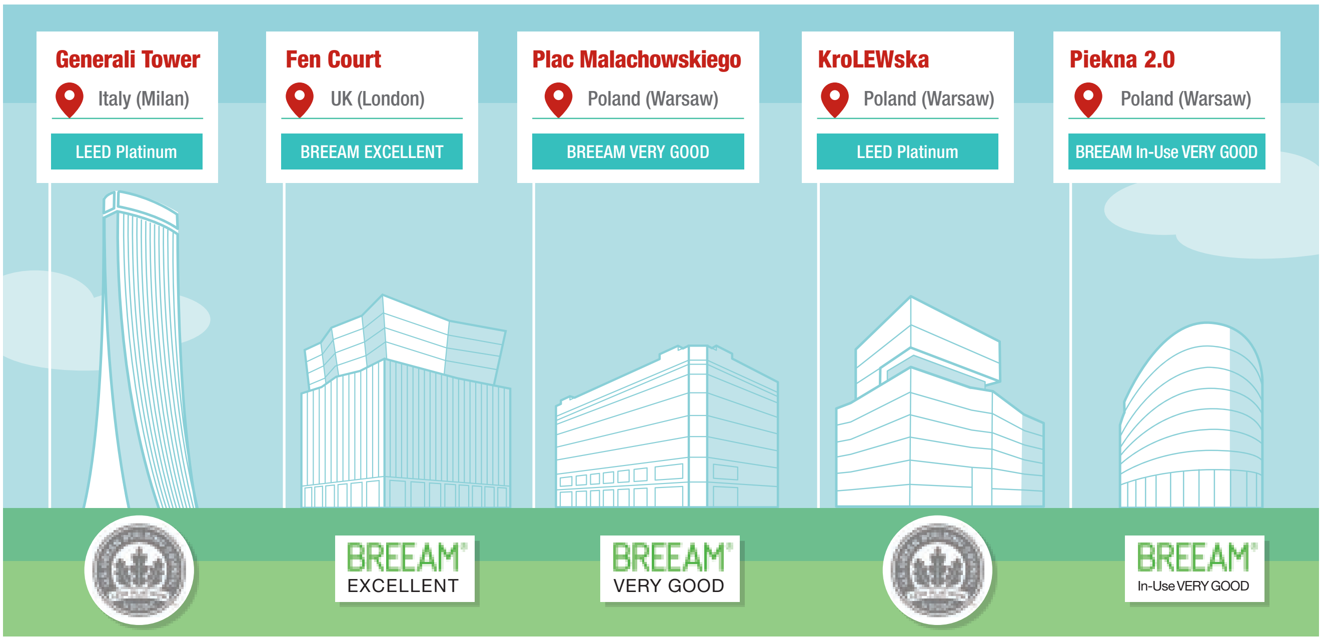
We took a proactive approach aimed at rebalancing the debt maturity profile while optimizing our Solvency II position, in terms of capital quality. Our proactive approach to debt optimization was implemented through three key transactions:

- at the beginning of 2019 we announced the redemption of € 750 million subordinated debt. We replaced it with an issue of only € 500 million subordinated debt, thus reducing our external financial debt by € 250 million;
- in September 2019 we launched the first liability management transaction, followed by a second one in July 2020, in order to smoothen the 2022 maturity peak resulting in a more balanced debt profile. The first transaction led to € 250 million deleveraging while the second one was neutral in terms of outstanding debt, but it contributed to further reduce the refinancing risk;
- in January 2020 there was the redemption of € 1.25 billion senior debt with internal resources.

The maturity profile was significantly reshaped due to these transactions, thus avoiding peaks in specific years and with a longer average duration.

Through the proactive debt management Generali also confirmed its focus and innovation on sustainability, that is part of our business model, as well as its commitment towards the achievement of sustainability targets: two Green Bonds were issued.
The first issuance by the Group also represented the first issuance by a European insurance company. The Tier 2 green bond of € 750 million maturing in 2030 attracted investors with order in excess of 3.6 times the offer. The second issuance, a Tier 2 green bond of € 600 million maturing in 2031, was highly appreciated too: it attracted an orderbook of more than 7 times the offer. Both bonds attracted a significant representation of investors with green mandates or institutional investors willing to implement green investment plans.
We illustrated the allocation of proceeds from the first issuance and presented an overview on the related impacts in the Group's Green Bond Report, published in November 2020. The content of the document is in line with the Green Bond Framework, as confirmed by the Auditors' Report performed by EY S.p.A.. The Green Bond Report related to the second issuance will be published in 2021.

Below are the green buildings owned by the Group refinanced through the net proceeds of the Green Bond.



www.generali.com/investors/debt-ratings/green-bond-framework to discover more on the Green Bond Report and Green Bond Framework

We promoted innovation in our green financial management by developing:

- the Green Bond Framework to finance or refinance, for example, projects to buy or renew buildings of the Group with the aim of improving their energy efficiency;
- the Green Insurance Linked Securities (ILS) Framework, a scheme for structuring alternative financial instruments allowing for the transfer of insurance risk to institutional investors.

Green Bond Framework

Drawn up in the first part of 2019, the Group's Green Bond Framework represents as much an element of continuity with the sustainability-linked credit lines negotiated in 2018 as much as an element of consistency with the Generali 2021 strategy, of which sustainability is a fundamental enabler.

Developed in compliance with the guidelines dictated by the Green Bond Principles, the Framework - subject to a Second Party Opinion issued by Sustainalytics - defines the eligibility criteria for the use of proceeds, the project evaluation and selection, the green bonds' governance, including the creation of a Green Bond Committee and the rules on reporting the green bonds.

The Green Bond Framework was designed following 3 key principles:

- simplicity: written clearly and unambiguously, it aims to be understood by both market professionals and the common reader of financial reports;
- transparency: based as much as possible on independent evaluation criteria, it reduces the margin of subjective judgement of the Group regarding the selection and inclusion of the pool of eligible assets;
- consistency: in line with our investment strategy that contemplates expansion of the real estate and private assets, and with our history as a large investor in the European real estate sector. Aware of the close tie between global CO2 emissions and buildings and transportation, the pool of eligible assets for the Green Bond will be mostly represented by investments in green buildings and transportation.

Green Insurance Linked Securities (ILS) Framework

In February 2020 Generali published its Green ILS Framework, in line with the Group's sustainability strategy and capital management approach.

The initiative, closely related to the Green Bond Framework, aimed at defining a scheme for structuring alternative mechanisms for the transfer of insurance risk to institutional investors. The Green ILS Framework was subject to a Second Party Opinion issued by Sustainalytics, too.

ILS are alternative mechanisms for the transfer of insurance risk to institutional investors. The value of these instruments depends mainly on the probability that the insured events will occur, and the related return is uncorrelated with the financial market. In line with the Framework, Green ILS are characterised by the investment of collateral in assets with a positive environmental impact, and by the allocation of the transferred solvency capital to sustainable initiatives - like investments in green assets and support to the underwriting of green policies - according to predefined selection and exclusion criteria.

The Green ILS Framework also defines the process of evaluation and selection of sustainable initiatives and the governance of Green ILS, including the set up of the Green ILS Committee and its reporting procedures.

GREEN BOND FRAMEWORK GREEN ILS FRAMEWORK

Consistent with our Grouo sustainability strategy / Developed according to four main pillars / Second Party Opinion issued by Sustainalytics

01 USE OF PROCEEDS AND FUNDS

- Green buildings
- Renewable energy
- Recycling, re-use and waste management
- Energy efficiency
- Sustainable water management
- Clean transportation

02 PROJECT EVALUATION AND SELECTION

- Analysis of the green eligibility
- Confirmation of eligibility and allocation decision by a dedicated Committee

03 MANAGING OF PROCEEDS AND FUNDS

- Allocation according to the equivalence principle
- Maximum 2-year look back period
- Full allocation within 1-year on a best effort basis

04 REPORTING

- Allocation report: amounts per category, unallocated amount if any
- Impact report di impatto on a best effort basis subjet todata availability
- Annually until full allocation

NFS

INNOVATION AND DIGITAL TRANSFORMATION

BECOME LIFETIME PARTNER TO CUSTOMERS	ENABLE DIGITAL TRANSFORMATION OF DISTRIBUTION	TRANSFORM AND DIGITALIZE OPERATING MODEL

Our ambition is to become a truly innovation-led, digitally-enabled, data-driven and agile organization to our people, our agents and our clustomers.
The third pillar of the Generali 2021 strategy, based on innovation and digital transformation, aims at:

- making Generali Lifetime Partnerto its customers;
- supporting the digital transformation of its agents;
- transforming the operating model while adopting new technologies and expanding the use of data and information flows from Internet of Things

The Generali Digital Strategy is the engine that powers and accelerates our journey towards becoming a true Lifetime Partner. It relies on five Digital Enablers, we confirmed.

INNOVATION	INSPIRE AND EQUIP TO EXPLOIT NEW BUSINESS OPPORTUNITIES AND TECHNOLOGY
CUSTOMER RELATIONSHIP MANAGEMENT	TRANSFORM CUSTOMER JOURNEYS, EXPAND CUSTOMER KNOWLEDGE, AND IMPROVE TOUCHPOINTS, TRANSPARENCY AND INTERACTIONS
SMART AUTOMATION	ACCELERATE PROCESS AUTOMATION THANKS TO RE-ENGINEERING AND THE ADOPTION OF NEW TECHNOLOGIES
DATA, ANALYTICS & AI	GUIDE BUSINESS DECISION-MAKING AND ENHANCE COMPETITIVE ADVANTAGE THROUGH DATA, ANALYTICS AND ARTIFICIAL INTELLIGENCE
AGILE ORGANIZATION	BECOME A LEAN, FLEXIBLE AND FOCUSED ORGANISATION ON MOVING FASTER

The Digital Enablers trace the route to achieve our ambition and lie at the core of our efforts to transform and digitalise our operating model throughout our digital journey.

We continued in 2020 along the path started in the last two years, developing further projects aimed at increasing the level of innovation and digitalization of the Group. Examples are the creation of *Center of Excellence on Smart Process Automation and the launch of Innovation Fund.*
Center of Excellence on Smart Process Automation is an entity dedicated to the implementation of automation projects at Group level, using advanced solutions that can be replicated in different countries. Thanks to these projects, it is possible to simplify processes and optimize the experience of customers, agents and employees.
Innovation Fund is a fund created to accelerate the Group's digital transformation by providing financial support to the most innovative ideas. The fund was endowed with € 5 million in 2020, which were used to co-finance over 60 new projects.

2019-2020 CUMULATIVE INVESTMENTS IN INTERNAL STRATEGIC INITIATIVES

€ 823 mln

In line with the 2019-2021 strategic plan, in order to accelerate our business transformation, in 2020 we invested € 409 million in strategic initiatives.

As for the European insurance business, we achieved the target of € 200 million in expense reduction ahead of plan, thanks to disciplined execution of savings and transformation initiatives. Throught new ways of working and external services optimization, we will get additional € 100 million savings, thus reaching a € 300 million total expense reduction by 2021.

NFS

Become Lifetime Partner to customers
Enable digital transformation of distribution

> At the heart of everything we do is, and will be, our ambition to be Lifetime Partner. Allowing our customers to achieve their dreams, caring for them, being by their side in every phase of their life. Because, in the end, insurance is a People Business. It's about trust. It's about providing security and protection in a world of growing uncertainty. It's about being a source of hope for the future.
>
> ***Philippe Donnet**, Generali Group Chief Executive Officer*

We continue to work to bring our Group closer to our ambition of becoming a Lifetime Partner to our customers, thus fulfilling our company purpose, to enable people to shape a safer future by caring for their lives and dreams. For Generali, doing business means creating long-term value for all stakeholders by offering innovative and personalized solutions that anticipate their future needs and by caring for them, the people they love and the dreams they pursue.

Our 8 Hallmarks are the tangible proof of this commitment towards our customers and agents and represent our new way of doing business.

OUR CUSTOMERS[25] **+7.3%**

65.9 mln

HUMAN & CARING EXPERIENCE

Our mission is to offer to our customers a *Human and Caring* experience every time they interact with us. We have identified for every channel and point of customer contact a series of caring actions to ensure customers persistency perceive our attention (e.g. welcome call, first contact resolution, etc.). Thanks to our 4 Lifetime Partner Behaviors we treat our customers with empathy. Moreover, we created a holistic strategy leveraging all channels to offer valuable contacts to our customers.

B1 LANGUAGE

We aim to write all documents in a clear, transparent and understandable way (level B1, understood by 95% of the population). The objective is to be crystal clear, by helping the customer to better understand what is included in his policy and to be accessible to everyone. We have trained and certified all functions involved in writing documents across all countries and we have a roadmap to rewrite documents addressed to our customers.

DIFFERENTIATING VALUE PROPOSITIONS

Our aim is to offer personalized solutions that help our customers in their everyday life. The solutions are enriched by a combination of very valuable services such as prevention, protection and assistance. We started a transformation process, to ensure we start from customer needs, involving all the functions in the agile development of customized solutions. The technological and digital infrastructure, besides an innovative approach, are the basis of this transformation. Our new approach enables us to incorporate and develop sustainable products. This make us able to propose to our distribution channel customized, modular solutions to create a long-lasting relation with our customers.

SEAMLESS OMNICHANNEL EXPERIENCE

We aim to provide our customers with the best digital omnichannel experience, enabling them to *do what they want when and where they want it*. Our customers around the world can now manage their policies, buy new ones, renew, open and track claims, request assistance, remotely interact with their agents and more, in full autonomy. We keep on working to make this experience easier and more seamless.

25 The number of customers refers to all insurance entities, banks and pension funds (line-by-line consolidated entities, few insurance entities in Asia measured with the equity method where Generali has relevant shareholdings, and relevant direct B2C - Business to Consumer - business of Europ Assistance in some countries.

OUR AGENTS[26] +5.5%

165 thousand

Hallmarks to transform our agents in Lifetime Partners

DIGITAL VISIBILITY

87%[27] of our customers start their search online when they seek product or service information. That is why one of the main hallmarks is our 165 thousand agents to be present online, including social media.
Today our markets have access to a content marketing platform, our agents have the facility to share health and lifestyle content with their customers and can continue to converse with our agents using social networks.
A core ingredient to our success is represented by our Digital Sales Champions, who in each market contribute to accelerate the Digital Visibility hallmark by providing tailored training on social networks and enabling our 165 thousand agents to continue to be LifeTime Partners to our customers.

MANAGEMENT OF GENERATED LEADS

We produced a Lead Management Blueprint for global adoption to accelerate the implementation of a data-driven digital experience and convert contacts collected on the web into customers. We increased our commercial focus across all digital channels with always-on and lead nurturing campaigns to prepare the leads for the agent appointment and boost sales, creating a positive impact on our distribution network.

NEEDS'-BASED ADVISORY

Our 165 thousand agents are the human faces of our company, they serve, advise and tailor solutions to our customers with passion and dedication. Customers want their needs to be understood. 69%[28] of them want to consolidate their needs with one agent when advise is in line with their expectations. They also seek human touch: 86%[28] are more satisfied when contacted in the way they prefer.
As to reach the goal of our agents to become Lifetime Partners to our customers, we created a tool that will include a 360° view of customer data to advise customers and find the best solutions in line with their needs and lifestyles. Products will be modular and will allow for a high level of customization. Our agents and sales managers will benefit from training programs to be even more efficient on customer needs' analyses and from a contact strategy to nurture long-term meaningful relationships.

PAPERLESS

We want to be an even more sustainable and efficient Group, providing an increasingly digital experience in order to reduce the use of paper documents as well as eliminate operational complexity and waste (e.g. printing, filing, missing data or travels, etc.).
Most of our agents already have the necessary tools (e.g. e-signature, e-payment, video & co-browsing, etc.) and know-how to sell remote digital policies. Our aspiration is to further increase digital policies and enable remote selling to all our distribution networks across the world.

With Digital Hub, we aim to address the users' expectations, implementing at scale an omnichannel seamless experience for customers, agents and prospects across all digital touchpoints for all the Group markets. To achieve that, we have developed:

- a common user experience for all the users;
- a cross-channel design approach;
- common and flexible IT accelerators.

We started gradually, redesigning in 2016 a distinctive customer experience and extending it to all the markets. As following step, we extended this approach to agent experience in early 2019, defining the new target agent journey. We then activated the re-design of the prospect experience in 2020.

26 The number of agents refers to all insurance entities with relevant traditional distribution networks (line-by-line consolidated entities and few insurance entities in Asia measured with the equity method where Generali has relevant shareholdings).
27 Source: Salesforce and Publicis.Sapient research.
28 Source: Epiphany, RNPS research.

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Transform and digitalize operating model

The digital transformation of the operational model is systemic.

In Generali, it passes through the revision and radical reappraisal of processes, computer systems, procedures and roles of the entire Group structure.
We are redesigning the processes using the design thinking methodology, including both experts of the sector and those directly involved and leveraging the new automation technologies. We are developing Artificial Intelligence technology-based tools; we are introducing new tools to manage customer relations in mobility or, whenever possible, digitally, and we are creating innovative products based on data generated by Internet of Things sensors.
We also believe that it is necessary to adapt and expand knowledge and skills of our people. The GPeople 2021 strategy is planning a specific training programme for reskilling and upskilling involving most of our employees through online learning tools and high-level training courses enabling to acquire and develop unique digital skills in the industrial landscape, so that they can perform activities with more effective tools while relying on information and records generated by advanced analysis and intelligent process automation systems.

Our people, p. 41

Digital transformation also has a significant external impact, first and foremost on the offer to our customers and in the experience of our agents.
We undertake to create and consolidate digital access points able to guarantee the use of information and services coupled with a rich, simple and quick experience using many digital channels.
We are also continuing down our technology observation and testing journey to support the digitalisation of the operating model and ecosystem in which we operate. New platforms, automation tools, automatic image analysis tools and biometric technologies are allowing processes, even those that are highly complex, involving the Group's customers, partners and companies to be transformed.

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03 THREE ENABLERS DRIVING THE GENERALI STRATEGY

01 OUR PEOPLE

"The unprecedented discontinuity brought by 2020 has had a strong impact on the way we live, think and work. It has also demonstrated, however, the importance of being resilient and having a clear strategic vision and shared values."

***Monica Possa**, Group Chief HR & Organization Officer*

OUR PEOPLE	+1.0%
72,644	

WOMEN	0.0 pps	MEN	0.0 pps
51%		49%	

At Generali, people work every day to deliver the ambition to become a Lifetime Partner to our customers. In 2018 we developed the Generali People Strategy, GPeople 2021, that is focused on five priorities:

01 Foster a customer-centric, inclusive and open **culture**

02 Build and evolve key **skills** for the digital age

03 Grow global and diverse **leaders** and talents

04 Reward **excellence** and sustainable value creation

05 Become a simple, agile and efficient **organization**

Each priority is supported by Group and local initiatives, which are monitored based on defined targets.
Such priorities and initiatives have played a key role in preparing Generali to face the Covid-19 outbreak and the following, challenging scenario for our people and communities.
Since February 2020, we have taken people's safety as an imperative. After having cancelled international events and travels, the whole organization has rapidly shifted to remote working. In such scenario, GPeople 2021 initiatives have been reprioritized and adjusted to be effectively delivered in a digital way.

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We developed a framework for the assessment and management of operational risks inspired by international best practices and consistent with the requirements of the Solvency II directive. As part of the assessment conducted by the Group companies every year, the risks that could impact areas concerning our people were identified and precisely analysed, and the initiatives implemented with a view to mitigating such risks were evaluated. The areas of analysis regarded the following specific categories:

- employment relationships, with a particular focus on matters relating to key people and business ethics;
- safety at work;
- discrimination, diversity and inclusion.

In 2019, a new risk was added to the catalogue of operational risks. It is about the possibility to fail in the acquisition of new skills and competences for the execution of the Group strategy.
The assessment is satisfactory, also in light of the initiatives implemented within the GPeople 2021 and the centrality of our people within the Group strategy.

01. Foster a customer-centric, inclusive and open culture

LIFETIME PARTNER – BEHAVIORS

As to promote a culture of innovation and become a Lifetime Partner to our customers, the adoption of our four behaviours is still key: ownership, simplification, innovation and the human touch in everything that we do.
In 2020, the Behaviours in action experience continued, overall training more than 22,000 people worldwide. The initiative was converted in virtual to cope with the restrictions imposed by the global pandemic, allowing our people to still experience the four behaviours. In addition, the e-learning course called Behaviours Digital Experience was launched and made available for all Group employees.

MANAGERIAL ACCELERATION PROGRAM (MAP)

In 2017, we launched the Managerial Acceleration Program (MAP), dedicated to all people managers of the Group. It is based on the eight Generali Empowerment Manifesto (GEM) behaviours and it aims to encourage a people empowerment-based managerial culture. Updated in 2019 to be in line with Generali 2021, it remains the reference point for new hired and new people managers.
In July 2020, we designed the series of webinars Leading Virtual Teams as a Covid-19 mitigation action: it embeds the GEM principles and it aims at supporting people managers in their role, fostering the identification of new effective ways of working.

GENERALI GLOBAL ENGAGEMENT SURVEY

As to measure and promote the engagement of our people, in June 2019 we carried out the third edition of the
Generali Global Engagement Survey, a managerial tool for continuous improvement, reaching 89% response rate (+3 pps vs 2017) and 82% engagement score (+2pps vs 2017).
During 2020 we addressed the improvement opportunities with specific action plans, leveraging our strengths. As a result, the global priorities identified were:

- eliminate bureaucracy to boost efficiency and decision making;
- unlock people potential fostering transparent meritocracy, recognition and growth;
- nurture an inclusive environment to embrace diversity.

Since January 2020, 464 local engagement actions were launched with the ambition of implementing 100% of them by 2021.

LOCAL ENGAGEMENT ACTIONS IMPLEMENTED[29]

75%

DIVERSITY & INCLUSION STRATEGY

The Group has further accelerated the promotion of an inclusive environment and organisation culture, which values all diversities. Inclusion is a key factor to create value for employees and customers, particularly in times of social and economic challenges. Our strategy, based on four priorities - gender, generations, culture and inclusion - can rely on structured plans, orchestrated at global and local level. In 2019, we introduced the Diversity and Inclusion (D&I) Index to measure the Group's progress compared to 2021 ambitions that were internally set on all four priorities.

29 They also include local engagement actions implemented by companies other than consolidated line-by-line.

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D&I INDEX[30] **+25 pps**

106%

The D&I Index rose to 106% thanks to very good results from some key Group projects that are focused on increasing the percentage of female managers and young talents as well as the involvement of employees in upskilling and reskilling programmes. Entities that introduced smart working policies and action plans on disabilities grew in number, too.
On the other hand, hiring, especially of people below 30 years of age, and the number of talents who had the opportunity to live international experiences slowed down as a result of the recent health emergency.

As for our four priorities, our ambition on gender is to accelerate the presence of women in senior leadership positions and in succession plans. Two programs were launched at Group level: Lioness Acceleration Program, an 18-month journey for female senior managers that is supported through mentoring and coaching and by a panel of international experts on leadership topics, and Elevate, a 12-week program for female managers including six webinars and two live sessions. These two programs are complemented by more than 60 actions launched at local level, such as Women Mentoring and STEM Women Recruitment Programs.
As for the second priority, it aims to ensure a better balance among the different generations in our Group and focus on identifying and retaining young talents. Therefore, in 2020, we launched Future Owners, a program aimed at retaining professionals aged less than 30 and accelerating their careers.
With regards to culture, we want to foster and sustain the transformation, by attracting and retaining people with different backgrounds, innovative skills and global mindset. To this end, we launched upskilling and reskilling programs to enable all employees to embrace the transformation.
Our objective on inclusion is to promote mindsets and behaviors to value all our differences. Thus, we launched the Conscious Inclusion rapid learning series to increase awareness on unconscious biases that impact on decision-making processes. Many initiatives were launched to further encourage respect of people with disabilities and different sexual orientation. The Group action plans on Disability and LGBTQI+ were approved by our Group D&I Council, made up of a pool of selected business leaders representing our business units. The DiverseAbility Awareness Journey, a program launched at the end of 2020 and including a community of 60 international Group Champions, aims at defining local action plans to promote inclusion of people with disabilities, while identifying and breaking down current systemic and cultural barriers. Finally, WeProud, the first Group LGBTQI+ employee resource group, was created along with a communication campaign to increase awareness on LGBTQI+ and the value of inclusion.

Moreover, in order to promote a culture based on gender balance and pay equity, during 2020 specific analyses were carried out at local level applying a Group common methodology. The analyses focused on pay equity in terms of gender pay gap for comparable roles (equal pay gap) and on gender balance in terms of gender pay gap across the entire organization, regardless of roles.

EQUAL PAY GAP[31]

-2.8%

GENDER PAY GAP[32]

-13.9%

ACCESSIBILITY GAP TO VARIABLE REMUNERATION BETWEEN FEMALES AND MALES[33]

-5.1%

The results aggregated at Group level showed that females' median base salary for comparable roles was -2.8% than the males' one (equal pay gap), whereas, in terms of gender pay gap, the evidence for the entire organization was set at -13.9%. In terms of total compensation, the accessibility gap to variable remuneration between females and males was -5.1%.
Based on the results of the analyses, all the countries and business units will continue developing specific mitigation actions at local level, with the aim to progressively reduce the observed gaps in the next 4-5 years.
The mitigation actions include initiative aimed to positively impact on gender balance and pay equity, both at local level and linked to the Group's strategy on Diversity and Inclusion. Among the others, the following initiatives can be mentioned: the review of hiring processes; female career's acceleration programs for women's career; mentoring and sponsorship programs; fostering awareness on diversity and unconscious bias.
With the objective to support countries and business units in this journey, a yearly monitoring recurrent process has been introduced in order to evaluate the improvements across the entire organization and the impact of the mitigation actions.

Report on remuneration policy and payments for further details

30 The index refers to companies, that can be also other than consolidated line-by-line ones, where the priorities forming the index itself are measured. Its change was calculated on 2019 data that were restated, thus going from 77% to 81%. That was due to the replacement of one of the eight sub-indicators. In 2020, the sub-indicator *employees on roles needing new critical skills* was replaced by the *Turn to The New Index*, that measures the training effort offered to employees by the Group.
31 It is the percentage difference between females' and males' median base salary for comparable roles (belonging to the same job family and organizational level). The indicator refers to about 80% of the total of our people.
32 It is the percentage difference between females' and males' median base salary across the entire organization, regardless of the roles. The indicator refers to about 80% of the total of our people.
33 It is the difference in percentage between the accessibility rate to variable remuneration of females and males. The indicator refers to about 80% of the total of our people.

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02. Build and evolve key skills for the digital age

The trends of the sector, the ambition to become a Lifetime Partner to our customers and the new technologies require the development of new skills. We are equipping our people with the skills to continue to grow and assert themselves in the digital age as well as to support strategic business priorities. A methodology was defined and spread throughout the Group in order to identify in advance how the roles and skills of the future will evolve. On the one hand, it helps identify the roles and skills most widely exposed to change and, on the other one, it helps establish the initiatives to bridge the personnel training gap, consistently with the strategy.

In November 2019, we launched the Group program called We LEARN with the aim of equipping all employees with the new business, digital and behavioral skills that are needed to keep growing in the digital era, succeed in the future market context and support the Group's strategic priorities. The We LEARN program aims at reskilling the 50% of employees by the end of 2021 and it is made up of the following three training pillars:

- Foundation courses: basic training pills for all employees to create awareness on key strategic topics (e.g. the Digital Acumen course enhances the digital mindset and improves awareness on how digital technologies affects business and ways of working);
- New Skills for evolving roles: digital and classroom courses aimed at spreading new skills relevant to employees in their current role to face the new market challenges;
- New Role Schools: mini masters dedicated to specific Group roles to support strategic objectives with the creation of new professions (e.g. Data Scientists).

These training initiatives are born from a strong collaboration between the Group Academy and the Group countries. They also leverage a network of more than 200 internal experts involved to provide content, develop learning objects (e.g. videos and interviews) and lead classes. 90 We LEARN Champions, ambassadors spread across 50 countries and business units, support participation and engagement in the training through activation initiatives and Group learning sessions.

To ensure a common learning experience throughout the Group, the new We LEARN platform was designed in less than six months adopting an agile approach and successfully realised in more than 40 countries. The platform is based on best of breed cloud technology solutions and aims to deliver Group designed contents to employees enabling full coverage of different training types and emerging technologies (e.g. playlists, communities and external and customized training offers). The platform also offers automatic content assignment features to simplify learning managers' daily activities and advanced reporting tools to easily monitor real time targets achievements. The We LEARN platform is key to meet the Group's reskilling ambition, but it is also a strategic asset opened to address country-specific training needs.

RESKILLED EMPLOYEES[34] **+ 32.3 pps**

52%

OVERACHIEVED

Target of 50% of reskilled employees by 2021

The Covid-19 pandemic has attributed an even stronger relevance to digital and transformation skills. The Group Academy and business units have accelerated the training effort through We LEARN and increased the scope of employees involved in each course.

In 2020, taking into consideration the overall training available to Group's employees, 99,4% of them (+1.8 pps) were involved in at least one training program. 2.4 million training hours (-3.2%) were provided.

AVERAGE TRAINING HOURS PER CAPITA **-6.1%**

34.2

TRAINING INVESTMENT **-2.4%**

€ 58.8 mln

Focus on digital innovation and constraints imposed by the Covid-19 pandemic have led to a deep transformation in the Group's training activities. Training has been focused on digital transformation skills and re-organized, in particular through the virtualization of *in presence* courses, substituted by digital modules, more flexible and leaner due to the characteristics of online communication. These changes have led to an increase in the number of trained employees and in parallel a reduction in training hours and investment.

Even though this evolution has brought great value and positive impact, we have planned to re-activate *in presence* courses when possible, thus pursuing a training mix balanced among different training channels.

03. Grow global and diverse leaders and talents

To execute our strategy, we strongly need effective leaders and promising talents, and this is why we are continuously investing in their development. Being a Lifetime Partner leader requires new skills, a strong global mindset, excellent performance and the possibility to nurture and grow the individual potential.

34 The indicator also refers to employees in some companies other than consolidated line-by-line.

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We work with the whole pool of Group talents and senior leaders to support them in driving people and organizations to success with the following initiatives:

- GLG PROGRAM - Leading the Lifetime Partner Transformation, Group Leadership Training about the leadership needed to address the Lifetime Partner ambition to our customers. The program was delivered in webinar edition in partnership with London Business School. 109 senior leaders divided in two cohorts attended the program, composed by three modules of nine hours in total, plus individual and group activities in between;
- STEP UP - Global Leadership Program for Group talent senior managers aimed at supporting them in increasing self-awareness, exploring how to energize, engage and empower, deepening knowledge on what will be needed to lead effectively in the New Normal, driving cultural transformation and successfully executing strategy. Learning journey composed by seven units of 0,5 days each plus intensive prework and coaching follow-up, delivered in an innovative virtual room in partnership with IMD for 68 senior managers of the Group;
- TAKE OFF - Global Leadership Program for Group talent managers aimed at supporting them in leading people through empowerment, engagement and fairness, being a change agent and influencing without full authority, supporting innovation and transformation while successfully executing strategy. Immersive experience of 3 days learning in an innovative virtual room in partnership with INSEAD for 34 managers of the Group;
- FUTURE OWNERS PROGRAM, a global initiative designed for talented employees with the motivation and skills to step up for new opportunities and invest in their professional growth.
  In alignment with our Diversity & Inclusion priorities, we want to leverage on new generations to grow global leaders, giving them the chance to live inspiring experiences and contribute to the Group's success. Almost 1,500 colleagues have applied to the program, showing a strong ownership and willingness to embrace challenges ahead;
- Talent Events, development initiatives aimed at strengthening the relationship between Group talents and senior leaders of the same function, so as to nurture a real talent community where ideas sharing and cross-functional growth paths can be valued. 186 Group talents were involved overall in 2018 and 2019 and further 80 during 2020.

04. Reward excellence and sustainable value creation

Our ambition is to foster a meritocratic environment, where the performance of our people is recognised and rewarded. This is possible through our Group Reward Strategy, which encourages alignment with the strategic objectives and the participation of all our people in the value creation process. Therefore, in 2019 we developed and launched We SHARE, the first share plan of its kind for Group employees, with the goal of involving the highest number of people around the world to become Generali shareholders, achieving the participation of 21,430 colleagues, with a participation rate of 35.3%. Moreover, we launched the We SHARE app, an innovative digital platform dedicated to the colleagues who joined the plan. The app has been designed to keep participants informed throughout the three years of the Plan, to provide a dedicated financial education program, updates about Generali world, Generali 2021 strategic initiatives as well as the outcome of the We SHARE donations to The Human Safety Net Foundation.

05. Become a simple, agile and efficient organization

The Group's organization is a fundamental asset for ensuring the proper execution of the strategy and the achievement of business objectives. We believe in a clear and simple organizational model that also encourages new methods of working that are more streamlined in order to facilitate speed, collaboration, accountability and innovation. Within this context, already in 2019, 62% of the Group's organizational entities strongly supported smart working through dedicated policies. This approach made it possible to test the new way of working, which is increasingly strategic for the future, with broader intensity and yet confirming Generali's ambition to continue investing and committing to smart working.

ORGANIZATIONAL ENTITIES WITH A SMART WORKING POLICY IN PLACE[35] **+21 pps**

83%

We relied on this way of working also to safeguard the health and safety of our people during the emergency context linked to the Covid-19 pandemic by temporarily and extraordinary - even without a dedicated policy - extending remote work to nore than 90% of administrative employees.

Confirming the centrality of people in our strategy, we held 11 meetings in virtual mode with the European Works Council, the representative body for Group EU employees, at the permanent forum dedicated to social dialogue. Due to the unprecedented emergency situation which did not allow meetings in presence, during 2020 we experimented alternative ways of interaction with the European workers representatives also thanks to the digital communication channels provided by the company which ensured the continuity of the social dialogue even remotely.

35 They are organizational entities where, in accordance with local laws and regulations, it is possible to adopt smart working through the application of a dedicated policy. The indicator also refers to organizational entities that are not included in the consolidation scope.

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02 STRONG BRAND

Building a strong brand is one of the fundamental pillars in the Generali 2021 strategy.

Our transformation started in 2018, deepening our business relationship with our customers, with the ambition become 1st choice in the Relationship Net Promoter Score (NPS) among our European international peers by 2021.
The key for us was to shift from being just a product seller to an integrated solutions provider, adding genuine value to people's lives, health, home, mobility and business. We wanted to change consumers' perception of insurance, aiming to become a much more compassionate and innovative brand that adds value to people's lives every day.

The health crisis caused by the pandemic, coupled with an economic crisis, added renewed purpose and urgency to our Lifetime Partner transformation. In these difficult times, we know our customers were looking for reassurance, care and support. Our agents were on the front lines of the crisis, addressing their customers' vulnerabilities.
At the same time, during the crisis consumers realised they were not well protected. As many of them lost significant part of their income, they were looking for an insurer that provides the *most value for the premium they pay*.
For us at Generali, delivering value means 3 things:

- emotional connection: establishing an emotional connection with our clients;
- customer experience: delivering seamless and omnichannel experiences;
- proposition: providing solutions and services designed and tailored around our customer needs.

Through our values and Lifetime Partner Behaviours and Hallmarks, we innovate, simplify, tailor, take ownership, and, above all, provide a unique human and caring experience to customers. Such uniqueness is embedded in our attitude and the spirit that defines how we do things: it is about having heart, being passionate, dynamic and empathic, taking the time to know our customers, offering valuable advice, with a long-term perspective and multi-stakeholder approach, instead of focusing just on selling policies. These are the qualities that people are looking for in a brand, qualities that add value to customers' lives.
This is what we call *Reditude* and what makes Generali unique on the market. That's what we brought to life in the first-ever global advertising campaign in our 189-year history. *Reditude* is our dynamic, contemporary approach, the way each of us act as Lifetime Partners.

We are committed to strengthening our brand to become 1st choice in the Relationship Net Promoter Score (NPS) among our European international peers by 2021.
In 2020, we improved our Relationship NPS by further 6 points: the increased satisfaction of our customers was mainly due to structural improvements in propositions customer experience emotional connections to the brand, and ensuring business continuity, also through increasingly digital tools and processes during the Covid crisis.
Our cumulative growth was +9 compared to the baseline.

CHANGE IN RELATIONSHIP NPS[36] vs 1Q2019

+9

In 2020, we focused on taking improvement actions in all 3 drivers of Relationship NPS. As a result of our actions, we are growing our Relationship NPS score faster than our European international peers. We are also determined to accelerate our progress, so that we achieve our goal by the end of 2021: currently, we ranked second, on par with another peer.

36 The target audience span 19 markets where we operate under the Generali brand in Europe and Asia.

NFS

03 A CONTINUOUS COMMITMENT TO SUSTAINABILITY

Our commitment to sustainability is the third fundamental pillar of Generali 2021, and refers to the creation of long-term value for our stakeholders: not only shareholders, investors and customers, but also employees, suppliers, the environment, local communities and society in general.

The identified goals are tied to our core business activities and to our commitment to communities.
By the end of 2021 we undertake to:

- increase premiums from environmental and social products by 7-9%;
- allocate € 4.5 billion to new green and sustainable investments.

We continue to execute our Strategy on climate change and commit ourselves to:

- PROMOTE THE DEVELOPMENT OF THE GREEN ECONOMY
- DECARBONIZE THE INVESTMENTS' AND CLIENTS' PORTFOLIOS
- REDUCE DIRECT IMPACTS

We have defined objectives and metrics to monitor the execution of our strategy to manage climate change impact and to promote a just transition to a low-emission economy.

OBJECTIVES AND METRICS TO MITIGATE RISKS	2020 RESULTS
Decarbonization of the general account investment portfolio as to reach climate neutrality by 2050	Analysis of the carbon footprint of the investment portfolio at December 2020, with a view to establishing long-term decarbonisation strategies. In keeping with these strategies, we joined the Net-Zero Asset Owner Alliance, an initiative that asks members to set periodic targets relating to reducing the carbon footprint of their investment portfolios. We are also constantly divesting residual investments in issuers belonging to the coal and tar sands sectors Group's financial positiion, p. 75
Exclusion of underwriting risks associated with coal, gas and oil exploration and extraction - conventional and not - as well as those associated with the construction of new coal-fired power plants and the coverage of existing ones owned or operated by new customers	INSURANCE EXPOSURE TO FOSSIL FUEL SECTOR[37] < 0.1% of P&C premiums In reduction; no new customers and no coverage for the construction of new coal mines and coal-fired power plants
Engagement for a just transition of the six companies of the coal sector operating in heavily coal-dependent countries, where the Generali Group has a primary presence as an investor and/or insurer	Ongoing engagement with four companies and decision in early 2021 to divest and terminate property underwriting for two companies due to no proactive communication of their just transition plan. The engagement activity led one primary power supplier in Eastern Europe to disclose a coal-decommissioning plan that will reduce coal capacity from initial 6.2 GW in 2018 to 0.7 GW by 2040 and net-zero emission by 2050. Another primary power supplier in the region announced a disruptive change in its strategy, enabling the company to finance its transition towards renewable sources. This company has also recognized the input and role of Generali as leader of the Climate Action (CA) 100+ coalition engaging with them on the just transition

37 The indicator refers to direct premiums from property and engineering, including marine, coverage for coal activities related to companies of the caol sector and/or from the underwriting of risks related to oil and gas exploration/extraction.

NFS

OBJECTIVES AND METRICS TO REDUCE OUR DIRECT IMPACT

2020 RESULTS

20% reduction in greenhouse gas emission tied to the Group's direct activities (2013-2020)

TOTAL GHG EMISSIONS[38] **-36.1%** vs base year 2013

77,456 tCO_2e

Sharp reduction as result of limited business trips and few employees in offices due to the Covid-19 pandemic

OVERACHIEVED

Target of -20% total GHG emissions by 2020

Increase in purchases of electricity from renewable sources

TOTAL PURCHASES OF ENERGY FROM RENEWABLE SOURCES[38] **+0.5 pps**

99%

OBJECTIVES AND METRICS TO SEIZE OPPORTUNITIES

2020 RESULTS

€ 4.5 bln new green and sustainable investments (2018-2021)

NEW GREEN AND SUSTAINABLE INVESTMENTS[39]

€ 5,973 mln

OVERACHIEVED

Target of € 4.5 bln by 2021

Group's financial position, p. 75

Increase in premiums from environmental products

PREMIUMS FROM ENVIRONMENTAL PRODUCTS **+14.5%**

€ 1,557 mln

Group's performance, p. 66

Sustainable finance

Issue of a second green bond worth € 600 mln

Capital management and financial optimization, p. 34

38 The greenhouse gas emissions and purchases of electricity from renewable sources comprise the impacts generated by the employees working in offices managed by the Group in Austria, France, Germany, Italy, Czech Republic, Spain and Switzerland, equal to 45% of the total of our people.
Total emissions are calculated according to the location-based method; we also report them according to the market-based method on our website.

39 New green and sustainable investments refer to the 2018-2019 cumulative data of Generali Insurance Asset Management and Generali Global Infrastructure. 55.3% of these investements were made in 2020.

In 2020, we carried on the strategic initiatives launched as part of Generali 2021, which fully integrated sustainability into our value creation process.

Responsible consumer

Generali is drawing up a distinctive offer dedicated to responsible consumers who want to have a positive impact on the environment and society. The offer consists of environmental and social products and sustainable investment solutions.

In 2020, we identified the responsible consumer's profile at Group level and integrated sustainability preferences in the approach to our customers, that is even more focused on their needs.

The first sustainable investment solutions launched by Banca Generali and Generali Italia in 2019, that link their offer to the United Nations Sustainable Development Goals, have met with great interest from consumers.

THE RESPONSIBLE CONSUMER ECOSYSTEM

Group's financial position, p. 75
Group's performance, p. 66

SME EnterPRIZE

Given the importance of Small and Medium-sized Enterprises (SMEs) for the real economy at domestic and European level, the EnterPRIZE project was launched in 2019 with the goal of supporting these enterprises in transitioning towards more sustainable business models, providing them international visibility with the best sustainable practices to tell and stimulating public debate on SMEs and sustainability topics.

In 2020, the project assumed a new relevance in the light of the huge impact caused by Covid-19, and it set among its main goals the establishment of a link between sustainability, resilience and recovery. More specifically, activities defined by the work group started in 2019 were carried out with the 7 European countries involved in the project[40]; a reference framework shared at Group level was defined. SMEs will be assessed and selected at local level on the basis of their approach to sustainability in one of the following areas: the environment, welfare initiatives and positive impact on the community. Local award-winning SMEs will then participate in the international competition in 2021, becoming virtuous examples of inspiration and improving their visibility.

The project will be an opportunity for Generali to concretely support the real economy on the theme of sustainability, increasingly determining for the growth of the entrepreneurial fabric.

The Human Safety Net

It is Generali's global flagship initiative for the community, catalysing the majority of the Group's activities since 2017. It is deeply connected to our purpose - to enable people to shape a safer future by caring for their lives and dreams - extending it beyond our customers and towards our communities.

As to reach more people and achieve a greater impact, we are mobilizing on employees, agents and resources such as financial support, time, skills, networks, assets and products.

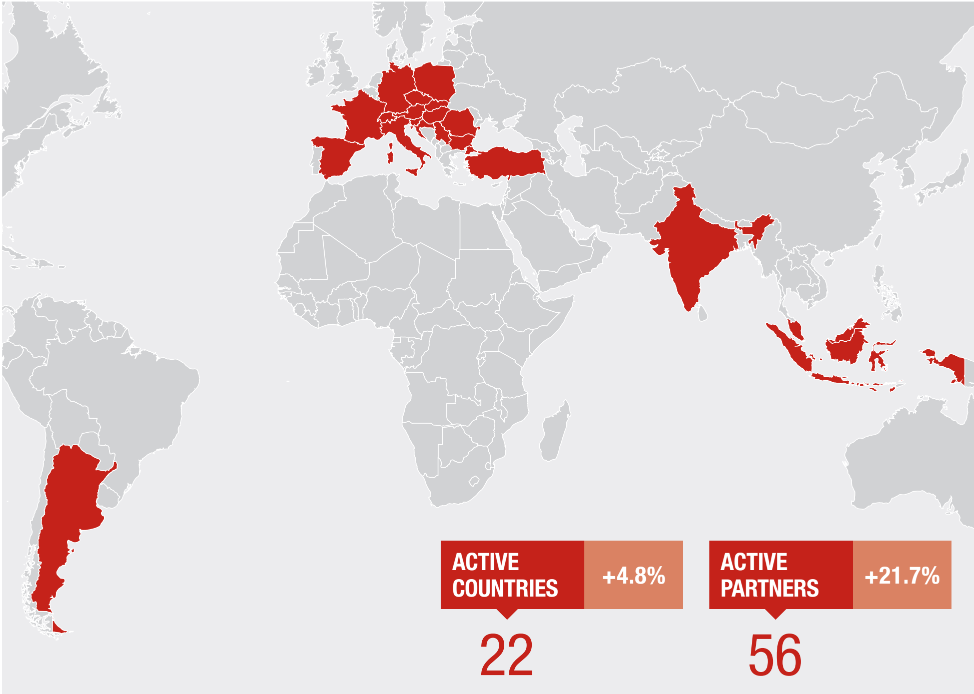
The Human Safety Net programs support families with young children and contribute to the integration of refugees through entrepreneurship or employment. They share the mission of unlocking the human potential of people living in vulnerable circumstances, so that they can transform the lives of their families and communities. The Human Safety Net brings together the strengths of non-profit organizations and the private sector, in Europe, Asia and South America.

In compliance with internal guidelines, every country and legal entity of the Group can activate one or more of these programs by carefully selecting a partner and performing a complete due diligence. All activities and impacts achieved are monitored through a shared measurement framework, that tracks collective results and triggers learnings from one another, based on the Business for Societal Impact (B4SI) international standards.

40 Austria, France, Germany, Italy, Czech Republic, Spain and Hungary.

NFS

	For Families	For Refugee Start-Ups	Newborns
ARGENTINA	■		
AUSTRIA	■		
BULGARIA	■		
CROATIA	■		
FRANCE	■	■	
GERMANY	■	■	
HONG KONG	■		
HUNGARY			■
INDIA	■		
INDONESIA	■		
ITALY	■	■	
MALAYSIA	■		
POLAND			■
ROMANIA	■		
SERBIA	■		
SLOVAKIA	■		
SLOVENIA	■		
SPAIN	■		
SWITZERLAND	■	■	
THE CZECH REPUBLIC	■		■
TURKEY	■		
VIETNAM	■		



For Families

We support parents in the first six years of their children's life to lay the strongest possible foundations for their future.

For Refugee Start-Ups

We help refugees flourish as entrepreneurs to integrate them into their host countries.

Newborns

We improve quality of care and support for at-risk newborns and their families.

When the Covid-19 pandemic hit, The Human Safety Net immediately initiated several actions to remain close with the most vulnerable families and refugee entrepreneurs, and to ensure program continuity. The emergency forced our partners to shift their operations online in an unprecedented way, creating both an urgency but also an opportunity to accelerate the digitalisation of the non-profit sector. An assessment among the THSN partners revealed an increasing number of needs. In line with our approach to venture philanthropy, the quick release of financial support was complemented by a comprehensive package of non-financial support, including an ad hoc technical assistance program which activated Generali core business functions and external experts. These additional extraordinary initiatives have been addressed both to immediate necessities (like healthy kits, masks, laptop and tablets) and to the development of digital solutions (e.g. online platforms and apps), to allow NGO partners to support families and refugees during and after the crisis, providing them with learning opportunities, maintaining access to essential services, and limiting the social isolation of the most vulnerable.

In 2020, The Human Safety Net launched Scale Up Impact, strategically supporting leading NGOs and social enterprises in the transition to scale nation-wide, by replicating some of its most successful models and working together with the public, private, and social sector. Thanks to 2020-2022 Scale Up Impact cycle, The Human Safety Net will expand family centres and programs for parents with children aged 0-6 in Argentina and Serbia to 28 cities and will open 5 incubators for refugee entrepreneurs in France and Germany. To make this progress sustainable and in line with the mission of The Human Safety Net to create an open network, the projects will be supported by ten companies, foundations and agencies that decided to join forces with The Human Safety Net for this first year.

Keeping true to its value of being an open network, The Human Safety Net has also been joining forces with partners like Dell, Cisco, Hogan Lovells and Fondazione Italiana Accenture, helping reduce the digital gap in the non-profit sector and supporting NGOs with pro-bono legal advice.

The future home of The Human Safety Net will be in Procuratie Vecchie in St. Mark's Square in Venice. The restoration is progressing to open at the end of 2021, in coincidence with Generali's 190° anniversary celebrations.

Over the next three years, we aim to further extend the impact and the reach of The Human Safety Net in the communities, as well as increasing the alignment to Generali's core business. We will accelerate the engagement of Generali's employees and agents - starting from the 500 THSN Ambassadors globally activated, involve our customers and keep on joining forces with other organisations that share our approach and vision, with Venice's Procuratie Vecchie acting as a global hub.

www.thehumansafetynet.org/newsroom/all to discover more information on the stories

www.thehumansafetynet.org for further information on the initiative

Our main markets: positioning and performance, p. 83

OUR RULES FOR RUNNING BUSINESS WITH INTEGRITY

We run our business in compliance with the law, internal regulations and codes, and professional ethics. We are continuously monitoring the developments of the national and international regulatory system, also by talking with legislators and the institutions, in order to assess both new business opportunities and our exposure to the risk of non-compliance and to take prompt measures to adequately manage it. We have a governance, management and reporting system that guarantees compliance with the principles of sustainability and their actual integration in everyday decisions, in line with the goal of promoting sustainable development of the business and of generating long-lasting value.

Our sustainability model is based on the Charter of Sustainability Commitments, approved by the Board of Directors of Assicurazioni Generali, which is broken down into three pillars:

1. do business in a sustainable manner, focusing on excellence in the corporate processes;
2. experience the community by playing an active role where the Group operates and going beyond everyday activities;
3. adopt governance and rules that are appropriate for running business with integrity.

We have also a collection of Group public policies and guidelines which support our operations in a sustainable and responsible manner, such as:

GROUP SUSTAINABLE POLICY

It outlines the system for identifying, assessing and managing the risks connected with environmental, social and corporate governance (ESG) factors. It particularly defines the rules for:

- identifying, assessing and managing ESG factors that might present risks and opportunities for achieving corporate objectives, including those related to the management of climate and environmental issues;
- identifying, assessing and managing the positive and negative impacts that the decisions and corporate activities might have on the outside environment and on the legitimate interests of the stakeholders.

CODE OF CONDUCT

It defines the basic behavioural principles which all the personnel of the Group are required to comply with. These principles are outlined in a specific internal regulation that refer, for example, to the promotion of diversity and inclusion as well as the management of conflicts of interest, personal data protection and corruption prevention.

GENERALI GROUP STRATEGY ON CLIMATE CHANGE

It defines the rules by which we intend to foster a just transition towards a low-carbon economy through our investment and underwriting activities.

RESPONSIBLE INVESTMENT GROUP GUIDELINE

It codifies the responsible investment activities at Group level.

RESPONSIBLE UNDERWRITING GROUP GUIDELINE

It outlines principles and rules aimed at assessing environmental, social and governance features of customers and prospects in the P&C underwriting process.

ETHICAL CODE FOR SUPPLIERS

It highlights the general principles for the correct and profitable management of relations with contractual partners.

POLICY FOR THE MANAGEMENT OF ENGAGEMENT WITH ALL INVESTORS

It regulates engagement other than through the General Meeting between the Board and investor representatives on issues within the Board's purview, and defines the rules for engagement by identifying interlocutors, discussion topics, timing and channels.

GROUP TAX STRATEGY

It is an essential part of the tax risk control system and defines sound and prudent taxation management methods for all of the Group's companies.

www.generali.com/info/download-center/policies

www.generali.com/governance/engagement

Group Tax Strategy

Approved by the Board of Directors of Assicurazioni Generali in April 2020, the Group's Tax Strategy ensures the correct application of tax regulations, guided by the principles of honesty, integrity and transparency in the relationship with tax authorities, and combines value creation for all stakeholders with long-term protection of the Company's reputation. In order to promptly fulfil our tax obligations in maximum transparency with regard to tax authorities, we commit ourselves to acting in full compliance with the applicable tax regulations in the countries where we operate and to interpreting them in such a way as to responsibly manage tax risk, ensuring consistency between the place of value production and the place of taxation.

In line with international best practices, the Tax Strategy follows the Group's sustainability principles given that tax revenues make a significant contribution to the economic and social development of the communities in which we operate. Due to the ethical importance of this topic, we promote the culture and values of the correct application of tax regulations and organise training sessions for all our employees.

www.generali.com/our-responsibilities/responsible-business/tax-payments for further information on taxes

Together, these Group policies and guidelines contribute also to ensuring respect for human rights. For example, the Group Responsible Investment Guideline filter allows us each year to identify and exclude from our investments those companies that produce unconventional weapons or that, regardless of the sector to which they belong, have committed serious human rights violations. Similarly, the Responsible Underwriting Group Guideline establishes monitoring mechanisms to avoid P&C insurance coverage to companies that commit serious human rights violations, with a specific monitoring of sensitive sectors.

In order to reinforce, where necessary, the controls already in place on this topic, in-depth analysis was carried out in line with the most important international principles and tools, including the United Nations Universal Declaration of Human Rights, the core international standards of the International Labour Organisation and the UN Guiding Principles on Business and Human Rights. The analysis assessed the potential impact on human rights and the tools already implemented to mitigate risks, assessing their level of control, considering it in line with their positioning and practices common to the sector.

The Group will keep up its ongoing monitoring action to guarantee a more and more virtuous and responsible behaviour in all of its businesses.

Our guidelines for responsible investments and underwriting establish monitoring mechanisms on customer and investment portfolios to avoid also financing and offering P&C insurance coverage to companies involved in severe damages towards natural habitats and biodiversity. The exclusions concern companies obtaining fossil fuels from tar sands, given their high environmental impact; regardless of the sector they belong to, exclusions also apply to all those entities involved in severe damages to ecosystems, for example being involved in illegal deforestation activities or in serious cases of contamination.

We have a structured internal Group regulatory system, regulated by the Generali Internal Regulation System (GIRS) Policy that aims to promote a solid, efficient governance and coherent implementation of the internal Group regulations at local level.

The Group regulations cover the governance system, the internal control system, the risk management system that is particularly linked to monitoring solvency (Solvency II), and the other primary areas of risk.

Group Policies

They introduce principles designed to implement the Group's fundamental objectives and/or provisions linked to the Group governance system. They are issued to comply with specific regulatory requirements or to govern issues under the Board of Directors' competence.

Group Guidelines

They govern issues under the competence of the Group CEO or the heads of Key Functions of the Group.

Group Technical Measure

They set out cross-function operating provisions, including those designed to regulate Group Policies and Group Guidelines in greater detail. They are issued by the managers of the Grouo units in compliance with the reporting lines and system of delegation of powers

Corporate Governance and Share Ownership Report 2020, p. 32

The main non-compliance risks are monitored through specific programmes spread throughout the Group, which entail the adoption of specific policies, the definition of monitoring activities, as well as the identification and implementation of proper risk mitigation measures aimed at minimizing potential economic and reputational damages deriving from the violation of regulatory provisions. We are committed to regulations relating to the transparency and fairness of conduct towards customers, the protection of personal data and the prevention of the use of our products and services for money laundering and financing terrorism purposes. In the pandemic context, we identified and implemented specific measures with the objective to mitigate the most relevant emerging risks, considering in particular customer protection and financial crimes' prevention, also through education and awareness-raising initiatives.
We condemn and combat all forms of corruption. Our employees, suppliers and customers can use, also anonymously, several communication channels, including the Group Compliance Helpline, always reachable with direct access from the Group Portal and the website. These channels, active 24/7, ensure an objective and independent management of reports of behaviour or actions which might violate law, the Code of Conduct, its internal rules or other corporate rules, in accordance with the process on managing reported concerns and the whistleblowing policy which we have been applying for years. We have also adopted a rigorous policy against retaliations.

www.generali.com/our-responsibilities/responsible-business/code-of-conduct for further information on the Code of Conduct, communication channels and the process on managing reported concerns

www.youtube.com/watch?v=ZeFiFJLmf7E

MANAGED REPORTS **-32.9%**

100

The significant reduction in reports of potential violations of our Code of Conduct is in line with the major financial global players, who have envisaged a massive use of remote working measures in response to the health crisis triggered by the Covid-19 pandemic.

Compliance Week

Given the strategic and regulatory relevance of issues related to Sustainable Finance, we constantly monitor all international and European regulatory acts and discussions. Our Sustainability Regulatory Map is kept up to date to present the regulation in terms of proximity and impact on our Group activities. As part of the compliance functions, a task force was activated to support the management of risks related to these issues and to ensure a shared, common approach to the Group's companies. To provide updates on regulatory developments, we launched various communication and training initiatives, realising a Sustainable Finance Guide and introducing Sustainable Finance topics in our periodic newsletters.
In October we held our Compliance Week: once again we highlighted one of the crucial themes of our Code of Conduct, the commitment towards our sustainable targets. Starting from the international context, passing through Europe and other geographical areas, we focused on the representation of the emerging regulatory framework on sustainable finance and on the impact on insurance business. On this occasion, we held virtual conferences for all our employees: using 3D technology on a multimedia platform we strengthen the sense of belonging to the Group.

We are committing to rendering our HR training system increasingly effective. We continue to work in activities for creating awareness and training on the different themes of the Code. The implementation of specific online training courses combined with a global communication program aims to create full awareness within all employees of the importance of the Code and their responsibility to report each violation that one becomes aware of. Everybody is encouraged to voice their concerns or request clarifications on any topic handled by the Code.

EMPLOYEES WHO COMPLETED THE TRAINING COURSE ON THE CODE OF CONDUCT[41] **+2.5%**

53,511

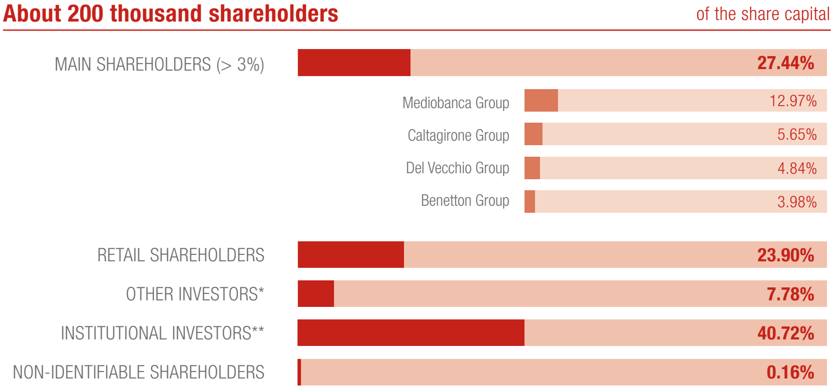
41 The trained employees represent 73.7% of the total.

OUR GOVERNANCE AND REMUNERATION POLICY

Our governance

Within a challenging economic and financial environment, we are convinced that our governance - which complies with the best international practices - is adequate for effectively pursuing our strategy and therefore, in line with the principles and recommendations of the new Corporate Governance Code, the sustainable success of Generali: it consists of creating value for all shareholders in the long term, taking into account the interests of other stakeholders relevant to the Company.

About 200 thousand shareholders



The data are updated to 2 March 2021.

* The category takes account of legal entities including foundations, trust companies, religious institutions.

** The category includes asset managers, sovereign funds, pension funds, Life insurers.

In the light of the temporary measures issued by Consob effective from 18 March 2020 to 13 April 2021, last updated with resolution no. 21672 of 13 January 2021, we also report information about the holdings between 1% and 3% as communicated by New B&D Holding Group (1.45% of the share capital), Fondazione Cassa di Risparmio di Torino (1.30% of the share capital) and Norges Bank (1.02% of the share capital).

Share performance, p. 115 for further information on the share

NFS

As of today, there is no employee shareholding system according to the provisions of the *Testo Unico delle disposizioni in materia di Intermediazione Finanziaria - TUIF*, though it should be noted that the three-year share plan for Group employees, approved by the Shareholders' Meeting held in May 2019, may have the effect of assigning them a stake of shares in November 2022. Promoted as part of the Generali 2021 strategy, this plan is aimed at achieving the strategic objectives in the perspective of a culture of ownership and empowerment, and the participation of employees in the sustainable value creation in the Group.
We also facilitate participation in shareholders' meetings for beneficiaries of long-term incentive (LTI) plans - which are based on Generali shares - by providing them with a designated representative.

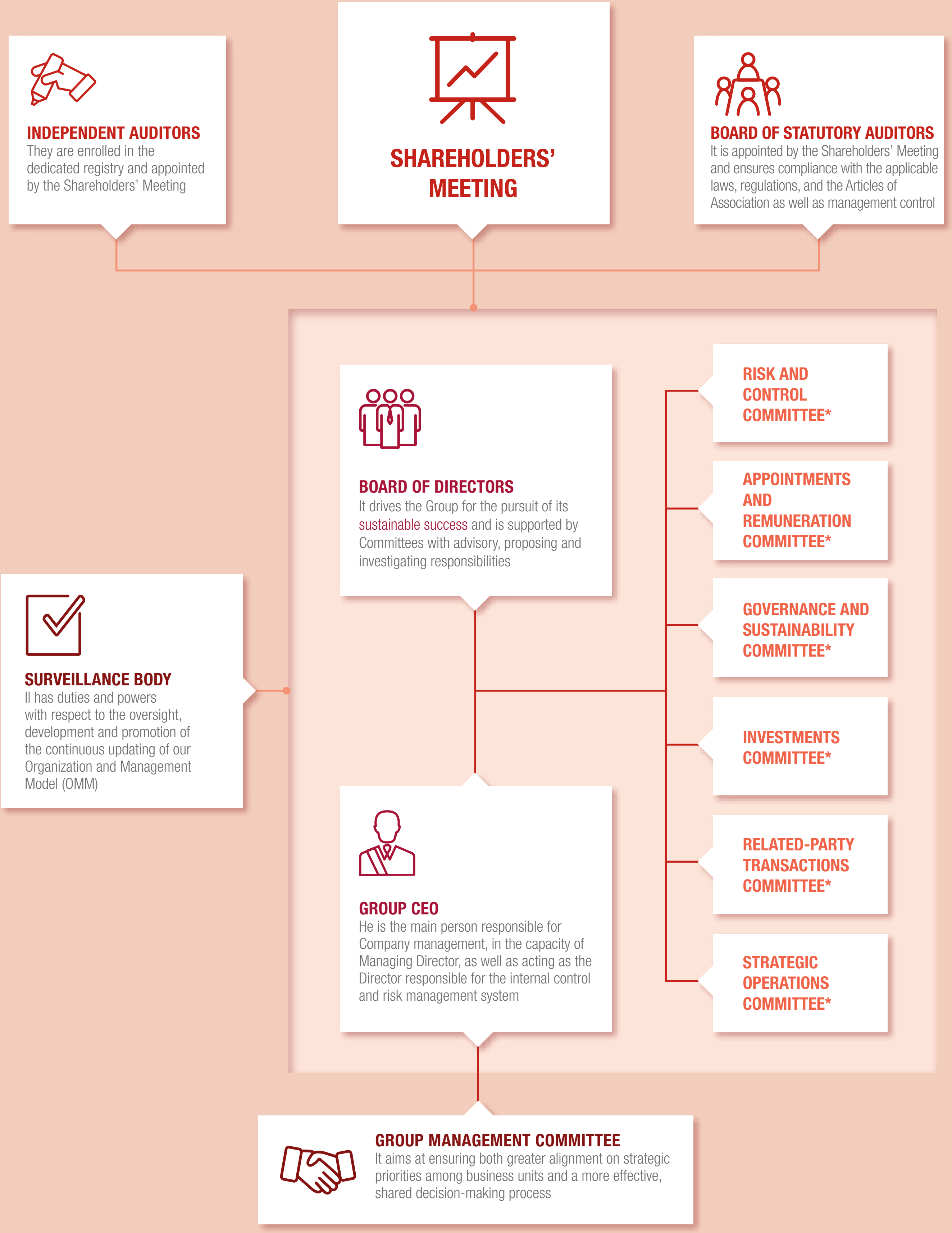
www.generali.com/governance/remuneration/share-plan-for-the-generali-group-employees for further information on the share plan for the Group employees

Our people, p. 41

We maintain ongoing relations with all stakeholders relevant to the Company, including institutional investors, proxy advisors, financial analysts and retail shareholders. Our intense relationship activities consist of various types of interaction with individual stakeholders or groups, as part of roadshows and sector conferences, as well as ad hoc occasions for the discussion of specific topics, ranging from business, financial and performance matters to corporate governance, remuneration and sustainability topics relevant to the various financial community representatives. Some of the main recurring occasions for interaction with the Company's top management are the annual Shareholders' Meeting, events on the strategic plan (Investor Days) and the main presentation of the financial results.
In 2020, dialogue with relevant stakeholders continued by using virtual platforms due to the Covid-19 pandemic, while maintaining previous high qualitative standards.

Notes to the Management Report, p. 152 for further information on stakeholder relations

The Board of Directors has structured its own organization - even through the establishment of special Board Committees - in a manner that meets the need to define strategic planning in line with the Group's purpose, values and culture and, at the same time, monitors the pursuit of this strategy with a view to the sustainable value creation over the medium to long term. Our integrated governance also leverages the varied and in-depth professional skills present in the Board and ensures effective oversight of management's activities.



* Each Committee is linked to different capitals: the Risk and Control Committee to financial and intellectual capitals; the Appointments and Remuneration Committee to human, financial, social and relationship, intellectual and natural capitals; the Governance and Sustainability Committee to natural, human, intellectual, social and relationship, and financial capitals; the Investments Committee to financial and social and relationship capitals; the Related-Party Transactions Committee to financial, social and relationship, and intellectual capitals; the Strategic Operations Committee to the financial capital.

www.generali.com/governance for further information on governance and the Corporate Governance and Share Ownership Report 2020

NFS

Adoption of the 2020 Corporate Governance Code

Given the development at international level in terms of corporate governance, the 2020 Corporate Governance Code, effective from 1 January 2021, introduces substantial innovations following four main drivers:

- sustainability: the Code fosters listed companies to adopt strategies more and more oriented towards a sustainable business: the objective that guides the actions of the board of directors is to pursue a sustainable company success, that consists of creating long-term value for the benefit of the shareholders, taking into account the interests of other stakeholders relevant to the company.
- engagement: the Code recommends to listed companies to manage the dialogue with the market through the adoption of engagement policies, complementary to those of institutional investors and asset managers.
- proportionality: the application of the Code is based on principles of flexibility and proportionality in order to favour small and medium companies and those with concentrated ownership to become listed.
- simplification: the Code presents a streamlined structure, based on principles which define the objectives of good governance and on comply or explain recommendations.

The revision of the Code was the occasion to strengthen existing recommendations, promote the effective enactment of best practices that were hoped in the previous editions, and align the Italian self-regulatory framework with international best practices (e.g. the possibility to qualify the chair of the board of directors as independent, the recognition of the role of the board secretary and the importance to consider international experience in the definition of remuneration policies).

Of special note is the recommendation to issuers to adopt a policy for managing dialogue with the all shareholders, taking into account the engagement policies adopted by institutional investors and asset managers.

The Board of Directors of Assicurazioni Generali approved the adoption of the 2020 Corporate Governance Code in October and the policy mentioned above in November. The latter clearly defines the rules for engagement between the Board and investor representatives by identifying interlocutors, discussion topics, timing and channels, on the basis of the general principles of Assicurazioni Generali's engagement activities, which are based on transparency and correctness of information, on the equality of treatment of all shareholders and on compliance with current laws and regulations, in particular with regards to market abuse.

www.generali.com/governance/engagement for further information on engagement

NFS

Governance monitoring climate change management

The Group governance is structured in such a way as to favour effective management of the risks and opportunities tied to climate change, which is considered one of the ESG factors most material for the Group, our value chain and the stakeholders.

Board of Directors' role

The Board of Directors ensures that the Group organisation and management system is complete, functional and effective in monitoring climate change-related impacts. In 2018, it therefore adopted the Group Strategy on Climate Change, which was updated in March 2020, outlining a plan for investment, underwriting and stakeholder engagement activities to mitigate climate risks and facilitate the just transition to a low-carbon economy. The Board of Directors is then informed through the Governance and Sustainability Committee about the implementation of this strategy and the results achieved. In 2020, these elements were analysed during four meetings of the Committee.

Management's role

Climate change may have pervasive impacts across the entire organization. For this reason, the decisions on how to integrate the assessment and effective management of climate change impacts into the different business processes are guided by the Sustainability Committee at top management level, which can rely on adequate powers and a cross-functional vision across multiple Groups' functions and geographies. This Committee, sponsored by the Group CEO, consists of the heads of both the GHO functions and business units. The decisions set forth by the Committee are implemented by the competent management, each for its area of responsibility. A component of the variable remuneration of the Group CEO and top management depends on the results achieved in the implementation of the Strategy on Climate Change.

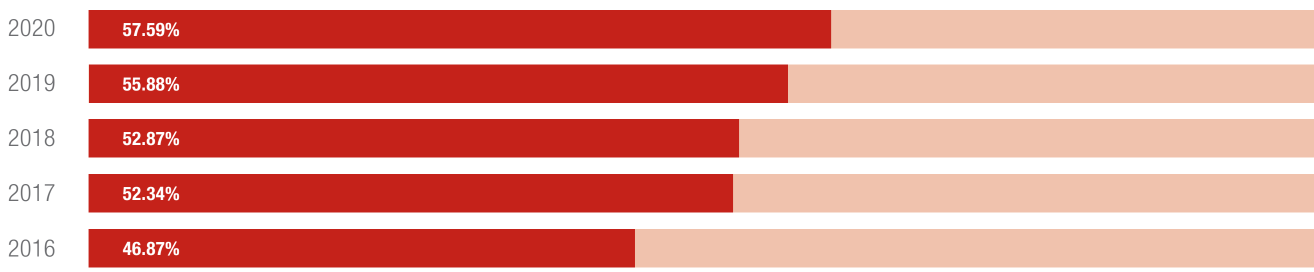
This cross-functional approach is also reflected in the Climate Strategy Task Force, which pools together the functions of Group Investment, Asset & Wealth Management, Group P&C Retail, Group P&C Corporate & Commercial, Group Life & Health, Group Integrated Reporting and Group Risk Management, coordinated by Group Sustainability & Social Responsibility. The goal of this work group is to guarantee the management of the risks and opportunities tied to climate change in compliance with the strategy defined by the Board and to ensure the reporting on these aspects both to internal competent bodies and to external stakeholders, in line with the TCFD recommendations. Within this Task Force is active a coal companies engagement committee, which analyses the just transition plans of the engaged coal companies, monitors their implementation and encourages further progress.

www.generali.com/our-responsibilities/our-commitment-to-the-environment-and-climate for further information on the Strategy on climate change

Focus on the Shareholders’ Meeting

It’s the corporate body that expresses - through resolutions - the wishes of shareholders.

Percentage of share capital represented in the Shareholders’ Meeting over the last five years



Percentage of share capital represented by institutional investors in the Shareholders’ Meeting over the last five years

On the occasion of the 2020 Shareholders’ Meeting, in order to minimize the risks related to the health emergency, we decided to take advantage of the option, established by the law decree of 17 March 2020, to provide in the notice of call that the participation of those entitled to vote in the Shareholders’ Meeting took place exclusively through the Designated Representative, without physical participation by the shareholders, and with the right for all members of corporate bodies to participate by means of remote communication.
We provided to all shareholders legitimated to vote the possibility to follow the whole Shareholders’ Meeting proceedings through a live audio streaming in Italian with simultaneous translation. In such a complicated environment in which we are still living now, we demonstrated how innovation, one of the three pillars of the Generali 2021 strategic plan, is fundamental to stand at the side of all our stakeholders and become their Lifetime Partner.
All the services planned under the Shareholders Meeting Extended Inclusion (SMEI) program were not provided.

The 2020 Shareholders’ Meeting approved a number of amendments to the Articles of Association, like:

- the attribution to the outgoing Board of Directors of the power to present its own list of candidates for the appointment of the incoming Board of Directors, to be filed not later than thirty days before the Shareholders’ Meeting (first or single call), as opposed to the minor term of 25 days established for other lists;
- the increase in the minimum number of independent directors to half of the Board members in office;
- the increase to 40% of the level of representation of minorities in the Board of Directors.

ANNUAL SHAREHOLDERS’ MEETING

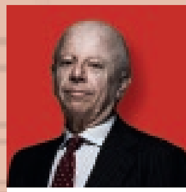
LIVE AUDIO STREAMING

#GeneraliAGM2020

Focus on the Board of Directors

in office until the 2022 annual Shareholders' Meeting

BOARD OF DIRECTORS

						
	Gabriele Galateri di Genola Chairman	**Francesco Gaetano Caltagirone** Deputy Vice-Chairman	**Clemente Rebecchini** Vice-Chairman	**Philippe Donnet** Group CEO	**Romolo Bardin** Director	**Paolo Di Benedetto** Director
AGE	73	77	56	60	42	73
NATIONALITY	Italian	Italian	Italian	francese	Italian	Italian
PROFESSIONAL BACKGROUND	manager	entrepreneur	manager	manager	manager	avvocato
IN OFFICE SINCE	8 April 2011	28 April 2007 Vice-Chairman since 30 April 2010	11 May 2012 Vice-Chairman since 6 November 2013	17 March 2016	28 April 2016	28 April 2016
BOARD COMMITTEE	● P ●	● ● ● ○	● ● ● ● ○	◆ ● P ○ P	● ● ● ○	● P ●
INDEPENDENT[42]					✓	✓
EXECUTIVE				✓		

LEGEND

- ● RISK AND CONTROL COMMITTEE
- ● APPOINTMENTS AND REMUNERATION COMMITTEE
- ● GOVERNANCE AND SUSTAINABILITY COMMITTEE
- ● INVESTMENTS COMMITTEE
- ● RELATED-PARTY TRANSACTIONS COMMITTEE
- ○ STRATEGIC OPERATIONS COMMITTEE
- ◆ DIRECTOR RESPONSIBLEFOR THE INTERNALCONTROL AND RISK MANAGEMENT SYSTEM
- P COMMITTEE CHAIRMAN

NFS

NFS

BOARD OF DIRECTORS	61.5
FEMALE DIRECTORS	38.4%
INDEPENDENCE LEVEL IN LINE WITH THE BEST INTERNATIONAL PRACTICES AND THE INCREASINGLY ESTABLISHED REQUIREMENTS IN THE WORLD OF FINANCE	61.5%
EXECUTIVE DIRECTOR	1
AVERAGE ATTENDANCE AT MEETINGS	98%
MEETINGS	16

In 2020, induction sessions were held - to the advantage of the Board of Directors and the Board of Statutory Auditors - on the impacts of the future application of IFRS 9 and IFRS 17, on IT issues and on the harmonization of back-office procedures.

Directors are chosen based on their professional expertise and competence among people who have at least three years' total experience as qualified professionals in the insurance, credit or financial sector. They must also meet specific integrity requirements, that is reliability, financial strength and good standing, as well as independence qualifications.

As members of such corporate body, in line with the Policy on competences and integrity, they should have adequate experience and knowledge of:

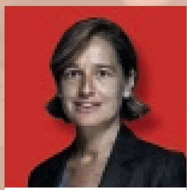
- markets in which the company operates;
- strategy and the business model;
- governance system;
- actuarial and financial analysis in relation to insurance companies;
- legal context and regulatory requirements.

The functioning of the Board, as well as its size and composition are evaluated annually, with the support of a qualified and independent external advisor.

Optimal blend of skills and experience

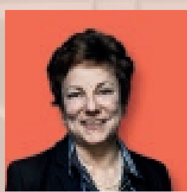
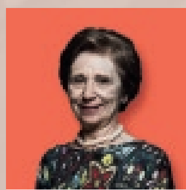
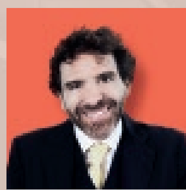
INTERNATIONAL EXPERIENCE	69%
MANAGERIAL EXPERIENCE	77%
ENTREPRENEURIAL SKILLS	15%
ACADEMIC EXPERIENCE	23%
KNOWLEDGE OF LEGAL CONTEXT AND REGULATORY REQUIREMENTS	85%
FINANCIAL AND ACCOUNTING SKILLS	85%
INSURANCE EXPERIENCE	85%
EXPERIENCE IN LARGE CAP COMPANIES	31%

42 As defined in the listed companies' Corporate Governance Code.

						
Alberta Figari Director	**Ines Mazzilli** Director	**Antonella Mei-Pochtler** Director	**Diva Moriani** Director	**Lorenzo Pellicioli** Director	**Roberto Perotti** Director	**Sabrina Pucci** Director
58	58	62	52	69	59	53
Italian	Italian	Italian	Italian	Italian	Italian	Italian
avvocato	manager	manager	manager	manager	professor	professor
30 April 2013	7 May 2019 elected from the minority slate	7 May 2019	28 April 2016	28 April 2007	28 April 2016 elected from the minority slate	30 April 2013
P			P			
✓	✓	✓	✓		✓	✓

Focus on the Board of Statutory Auditors

in office until 2023 annual Shareholders' Meeting

BOARD OF STATUTORY AUDITORS					
	Carolyn Dittmeier Chairwoman	**Antonia Di Bella** Permanent Statutory Auditor	**Lorenzo Pozza** Permanent Statutory Auditor	**Silvia Olivotto** Alternate Auditor	**Tazio Pavanel** Alternate Auditor
AGE	64	55	54	70	50
NATIONALITY	Italian and American	Italian	Italian	Italian	Italian
IN OFFICE SINCE	30 April 2014	30 April 2014	30 April 2014	30 April 2014	30 April 2020

NFS

NFS

AVERAGE AGE	59
FEMALE AUDITORS	60%*
AVERAGE ATTENDANCE AT BOARD OF DIRECTORS MEETINGS	100%
AVERAGE ATTENDANCE AT MEETINGS	100%
MEETINGS	25

*66.67%, considered only permanent statutory auditors.

The Board of Statutory Auditors attendes the same induction sessions held for the Board.

Statutory auditors are requested to have the same independence qualifications set for independent directors and to meet integrity and professional expertise requirements.

Corporate Governance and Share Ownership Report 2020, p. 55 for further information on the diversity of administration, management and control bodies

Our remuneration policy

Our remuneration policy is designed to attract, motivate and retain the people who - due to their technical and managerial skills and their different profiles in terms of origin, gender and experience - are key to the success of the Group, as reflected in our values. Our remuneration policy reflects and supports both our strategy and values: to be a global insurance Group aiming at creating value and sustainable results, while valuing our people and maintaining commitments to all stakeholders.

Our policy is based on the following principles that steer remuneration programmes and related actions:

- **EQUITY AND CONSISTENCY** in terms of the responsibilities assigned and capabilities demonstrated
- **ALIGNMENT WITH CORPORATE STRATEGY** and defined goals
- **COMPETITIVENESS** with respect to market practices and trends
- **MERIT- AND PERFORMANCE-BASED REWARD** in terms of results, behaviours and respect for Group values
- **CLEAR GOVERNANCE AND COMPLIANCE** with the regulatory environment

The remuneration policy for non-executive directors establishes that remuneration consists of an annual fixed component as well as an attendance fee for each Board of Directors' meeting in which they participate, in addition to the reimbursement of expenses incurred for participation in such meetings. Directors who are also members of the Board Committees are paid remuneration in addition to the amounts already received as members of the Board of Directors (except for those who are also executives of the Generali Group), in accordance with the powers conferred to those Committees and the commitment required in terms of number of meetings and preparation activities involved. This remuneration is established by the Board of Directors. In line with the best international market practices, there is no variable remuneration.

The Managing Director/Group CEO, who is the unique executive director, and the relevant personnel not belonging to Key Functions (i.e. the Internal Audit, Compliance, Risk Management and Actuarial functions) receive a remuneration package consisting of a fixed component, a variable component with no-claims bonus and claw back mechanisms, and benefits.

TOTAL TARGET REMUNERATION[43]

FIXED	VARIABLE		BENEFITS
	ANNUAL	DEFERRED	
FIXED REMUNERATION	+ ANNUAL (on an annual basis)	+ DEFERRED (on a multi-year basis)	+ BENEFITS

The fixed remuneration remunerates the role held and responsibilities assigned, also considering the experience and skills required, as well as the quality of the contribution made in terms of achieving business results.

The variable remuneration is composed by annual and deferred incentive plans that are designed to motivate the management to achieve business goals by creating a direct link between incentives and financial and non-financial goals.
The Group Short Term Incentives (STI) plan represents the annual variable remuneration, whereby a cash bonus ranging from 0% to 200% of the individual baseline can be annually achieved in relation to:

- the Group funding connected with results achieved in terms of Group adjusted net profit and operating result as well as the achievement of a minimum threshold of Solvency Ratio;
- the achievement of the goals set out in the individual balanced scorecard. The goals are set up to 8 at Group, BU, region, country, function and individual level; they are based on three perspectives and linked to value creation, risk-adjusted profitability, implementation of new strategic projects, sustainability and people value.

43 It represents the remuneration package for all those described, except for the Key Functions to whom specific remuneration policy and rules are applied.

2020 PERSPECTIVES

ECONOMIC AND FINANCIAL RISK-ADJUSTED PERFORMANCE	**>50%**	**Core business KPI** · Net profit (after minorities) both at Group and country/BU level · Total expenses at country/BU level · Total remittance at country/BU level · RORC at country/BU level (mandatory risk-adjusted KPI)
SPECIFIC COUNTRY/BU GOALS AND GROUP STRATEGIC PROJECTS	**15-35%**	**Focus on specific country/BU KPIs** connected to local business strategies and projects **Group strategic projects KPIs** for all relevant GLG/leaders of strategic projects
GENERALI 2021 ENABLER	**20-30%**	**Managerial assessment based on specific KPIs evidence** · People Value, with main priority on achieving the objectives of the reskilling program and Diversity&Inclusion plan · Brand & Lifetime Partner transformation, with main priority on the objective of the Relationship NPS · Sustainability commitment, with specific objectives on sustainability initiatives that run through all the Group's business activities and operations

Sustainability is key in doing our business and in our remuneration schemes, in line with the Group's strategy and commitment to support the transition to a greener and more sustainable economy. Therefore, we are under countinuous improvement in integrating sustainability in the remuneration of our people.

The deferred variable remuneration is built on a multi-year plan based on Assicurazioni Generali shares (subject to Shareholders' Meeting approval). The maximum potential bonus to be disbursed in shares amounts to 200% of the fixed remuneration for the members of the Group Management Committee (GMC) and to 175% of the fixed remuneration for other relevant personnel. Here the features of the plan are:

- it is based on an overall three-year performance period linked to specific Group performance goals (relative total shareholder return[44] and net holding cash flow[45]) and is subject to the verification of the achievement of a minimum threshold of the Solvency Ratio, in line with the levels and limits defined by the Group Appetite Framework;
- it is based on deferral periods differentiated, according to regulatory provisions, on the basis of the beneficiaries' cluster and additional lock-up periods on granted shares (i.e. minimum holding) of up to two years.

Benefits consist of, for example, a supplementary pension and healthcare assistance for employees and their families, in addition to a company car and further benefits, including some linked to domestic or international travel (e.g. accommodation expenses, travel and education for children), in line with market practices.

www.generali.com/governance/remuneration for further information on remuneration policy and the Report on remuneration policy and payments, also including information about remuneration

Additional information in the Notes of the Annual Integrated Report and Consolidated Financial Statements 2020 for further information on pension benefits of the Group employees

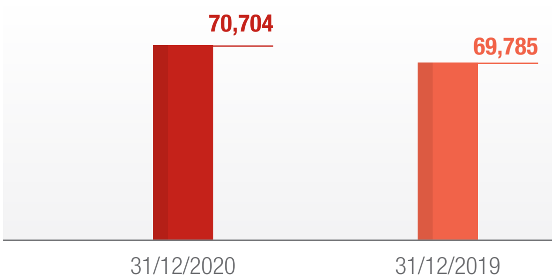
44 It is the total return on the shareholder investment calculated as change in the shares' market price, including distributions or dividends reinvested in the shares, as compared to a selected list of peers.
45 It is the net cash flow available in a period at Parent Company level, after holding expenses and interest expenses. Its main components, considered on a cash basis, are: the remittance from subsidiaries; the centralized reinsurance's result; and interests on financial debt, expenses and paid or reimbursed taxes at Parent Company level.

OUR PERFORMANCE

#WEREALLABOUTYOU

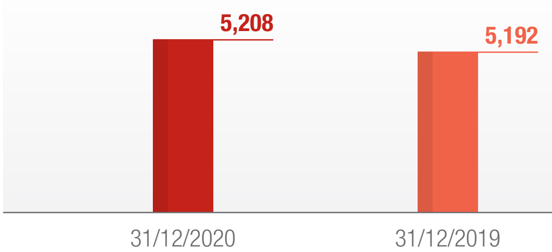
GROUP'S HIGHLIGHTS[1]

GROSS WRITTEN PREMIUMS (€ mln)



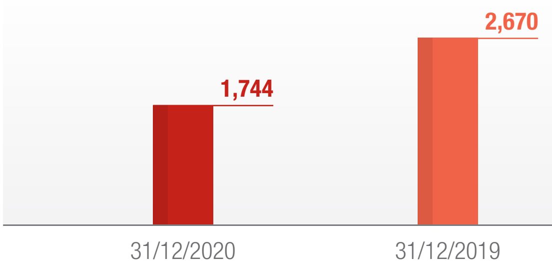
Total gross written premiums rose slightly (+0.5%) due to the positive performance of the Life segment. Life net inflows were confirmed at very good levels, totalling € 12.1 billion (-10.5%).
Life technical provisions increased by 4.2%.

GROUP'S OPERATING RESULT (€ mln)



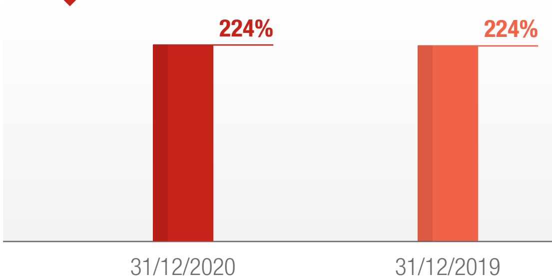
The operating result rose to € 5.2 billion, due to increases in the P&C and Asset Management segments, which also benefited from the contribution of recent acquisitions, as well as that of the Holding and other businesses segment.

GROUP'S RESULT OF THE PERIOD (€ mln)



The result of the period was € 1,744 million. Also excluding the expense of the Extraordinary International Fund for Covid-19 of € 100 million and the expense from the liability management transaction of € 73 million, adjusted net profit reached € 2,076 million.

SOLVENCY RATIO



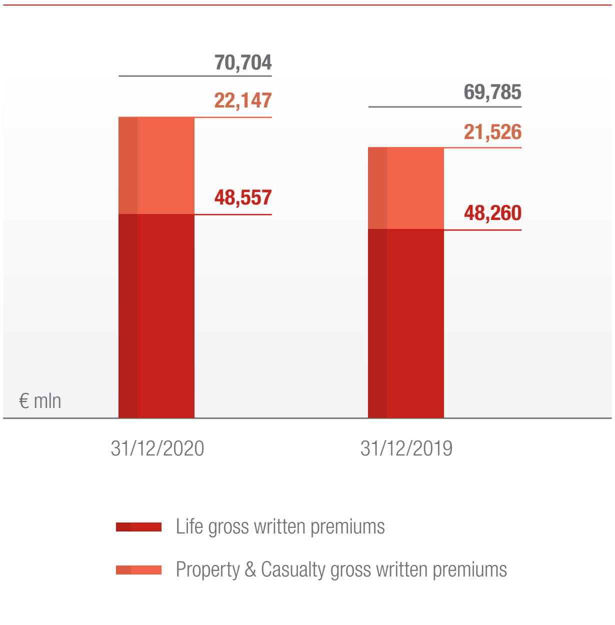
The Group's capital position remained solid, with a Solvency II Ratio stable at 224%.

1 All changes in this Report are calculated on 2019, unless otherwise reported. Changes in premiums, Life net inflows and new business are on equivalent terms, i.e. at constant exchange rates and consolidation scope. The operating result, Assets Under Management and Life technical provisions do not comprise the entities under disposal or disposed of in the period.
2 The adjusted net profit did not include the impact of gains and losses resulting from disposals, amounting to € -183 million in 2020, deriving from the settlement agreement for the disposal of BSI (€ 475 million YE19, relating to the disposal of Generali Leben and of business in Belgium).
3 This amount, after taxes, was € 77 million.

GROUP'S PERFORMANCE

PREMIUMS DEVELOPMENT

The Group's gross written premiums amounted to € 70,704 million, showing a slight increase compared to last year (+0.5%), thanks to the contribution from the Life segment. Property & Casualty premiums, on equivalent terms, were stable.



The Life premiums[4], corresponding to € 48,557 million, reported an increase of 0.8%. With regard to the business lines, the trend observed over the course of the year continued, which showed a boost of the unit-linked line (+21.7%), attributable to the Group's main areas of operation (Italy: +58.0%, France: +9.6%, Germany: +6.4% and ACEER: +4.5%). Accepted business also contributed to the increase in volumes (+59.0%), driven by a partnership in France in the protection and health business. The premiums resulting from protection policies rose by 1.6%: the widespread increase in countries in which the Group operates offsets the fall observed in Germany and the decrease in the Employee Benefits line.

Excluding the written premiums of the collective Life pension fund in Italy[5] amounting to around € 1.5 billion, the Group's gross written premiums would have been down by 2.4%, while the increase of unit-linked policies would have been confirmed (+7.1%), although with a lower change.

Life net inflows, totalling € 12.1 billion (-10.5%), continued to record very good results, with 93% of the Group total represented by the unit-linked and protection lines. The decrease was mainly due to the trend in the savings and pension line in France, which showed a reduction in premiums and higher surrenders, in line with the Group's portfolio repositioning strategy. Excluding the increase in premiums in Italy due to the premium of around € 1.5 billion mentioned above, the decrease would have been 21.5%.

The new business (in terms of the present value of new business premiums - PVNBP) amounted to € 47,091 million, showing an increase of 3.3%. The increase was driven by Germany (+13.4%), which made a good contribution in all lines of business, and by Italy (+6.4%) due to the one-off effect of the Cometa Fund on the unit-linked line, which was able to offset the lower volumes recorded mainly in France (-10.0%) linked to the fall in the traditional savings business. Specifically, protection products performed well (+13.7%) in all the countries where the Group operates. Excluding the premiums of the above-mentioned Italian collective pension fund, new business would have been down by 2.6%.

Despite the current financial scenario, characterized by very low interest rates, lower than those of 2019, the profitability of new business (margin on PVNBP) recorded a slight increase (+0.06 pps) reaching 3.94%, due to the rebalancing of the business mix towards more profitable lines of business, and to the continuous remodulation of financial guarantees on savings and pension products. Excluding the Cometa Fund, profitability would have stood at 4.08% (+0.19 pps).

The total new business value (NBV) increased by 4.9% and stood at € 1,856 million (€ 1,777 million at 31 December 2019). Excluding the Cometa Fund, NBV would have been € 1,811 million.

The P&C premiums, amounting to € 22,147 million, were substantially stable on equivalent terms: overall, the widespread positive trends observed in all countries in which the Group operates offset the significant fall in Europ Assistance's business (-30.2%), the worst hit in terms of premiums by the crisis caused by the pandemic.

The motor line rose by 0.7%, due to a particularly positive fourth quarter. The annual increase was mainly attributable to performance in ACEER (+4.2%), France (+1.8%) and Argentina (+27.6%). Motor premiums in Italy fell by 3.0%, following schemes to improve the profitability of the motor third-party liability portfolio, in a market that continues to be highly competitive.

The non-motor line (+0.2%) reflected the widespread increase in the various areas in which the Group operates, more marked in terms of volumes in Italy (+3.3%), France (+2.3%), ACEER (+1.9%) and Spain (+3.3%). As mentioned, Europ Assistance premiums were down due to the impact of the pandemic, especially in the travel lines (-53.5%).

4 Including premiums from investment contracts of € 3,275 million, of which around € 1.5 billion related to the collective Life pension fund subscribed in Italy.
5 In June 2020, Generali Italia was awarded the management mandate for two investment segments of Cometa, the National Supplementary Pension Fund for employees in the engineering, system installation and similar industries and for employees in the gold and silver industries.

Total gross written premiums by country (*)

(€ million)	31/12/2020	31/12/2019
Italy	25,217	24,166
France	12,659	13,274
Germany	14,418	14,294
Austria, CEE and Russia	6,982	6,973
International	9,081	8,365
Spain	2,294	2,414
Switzerland	1,798	1,747
Americas and Southern Europe	1,909	1,182
Asia	3,081	3,022
Group holdings and other companies	2,346	2,714
of which Europ Assistance	741	1,061
Total	**70,704**	**69,785**

(*) Total gross written premiums for Global Business Lines (GBL), taking into consideration the business underwritten in the various countries, amounted to € 3,812 million, stable compared to last year, and broken down as follows:
- Global Corporate&Commercial € 2,235 million;
- Generali Employee Benefits € 1,578 million.

The details by geographical area highlighted in this document reflected the Group's managerial structure in place since 2019, made up of the three main markets - Italy, France and Germany - and the regional structures (ACEER, International, Investments, Asset & Wealth Management, and Group holdings and other companies)[6].

NFS

Premiums from social and environmental products

Insurance products, by their very nature, have a high social and environmental value given that they constitute a concrete response to pension and protection needs of customers and the growing needs of society. We constantly monitor risks that may have impact on the society and the environment as to identify opportunities and continue to create value.
As part of our offering, we are committed to promote several high value-added solutions from a social and environmental perspective. Developing this type of coverage means providing a service that creates value over time, responding to new requirements related to emerging risks, fostering eco-sustainable conduct, and bridging gaps in the pension and public health services sectors. Embracing technology and innovation, we address habits and behaviour towards healthier and more informed lifestyles, aiming at risk prevention rather than claims settlement. In order to encourage eco-sustainable conduct and support green activities, consistent with our Climate change strategy, we develop and distribute products and services with particular attention to environmental protection.

A continuous commitment to sustainability, p. 47

PREMIUMS FROM SOCIAL AND ENVIRONMENTAL PRODUCTS +11.2%

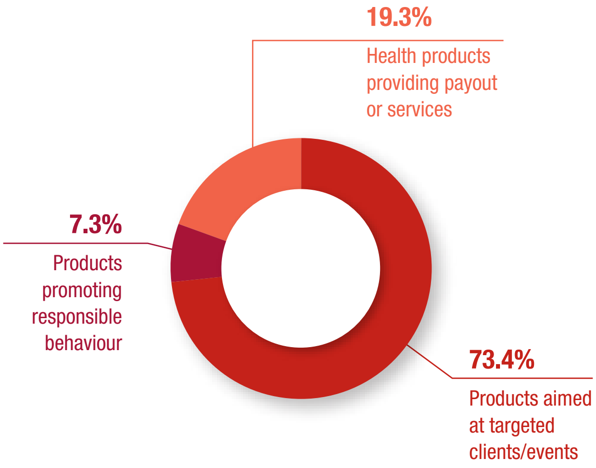
€ 16,930 mln

6 Group holdings and other companies comprises the Parent Company's management and coordination activities, including Group reinsurance, Europ Assistance, Other companies (including Generali Employee Benefits) as well as other financial holding companies and suppliers of international services not included in the other geographical areas. Please refer to the *Notes to the Management Report* for a detailed description of the geographical areas.

NFS

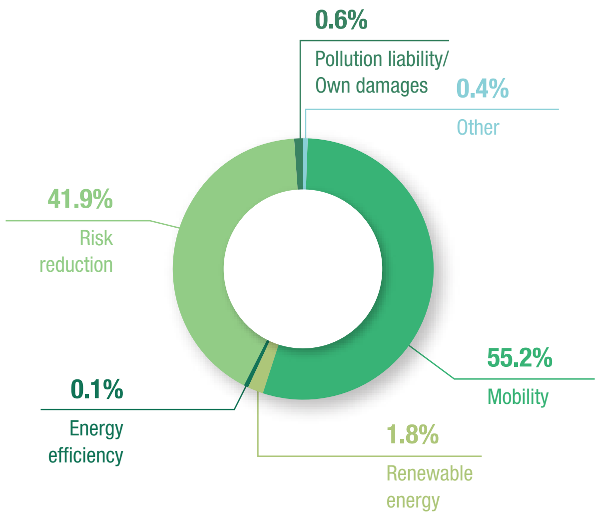
PREMIUMS FROM SOCIAL PRODUCTS[7] **+10.9%**

€ 15,373 mln



PREMIUMS FROM ENVIRONMENTAL PRODUCTS[7] **+14.5%**

€ 1,557 mln



OPERATING RESULT

The Group's operating result was € 5,208 million (+0.3% compared to € 5,192 million at 31 December 2019), due to increases in the P&C and Asset Management segments, which also benefited from the contribution of recent acquisitions, as well as that of the Holding and other businesses segment, which more than offset the decrease in the Life segment.

Total operating result by segment

(€ million)	31/12/2020	31/12/2019	Change
Total operating result	**5,208**	**5,192**	**0.3%**
Life	2,627	3,129	-16.1%
Property&Casualty	2,456	2,057	19.4%
Asset Management	546	425	28.5%
Holding and other business	130	8	n.m.
Consolidation adjustments	-551	-427	29.0%

With reference to the different segments, Life observed an operating result of € 2,627 million (-16.1%). The good performance of the technical margin, net of insurance expenses, was more than offset by the decrease in the net investment result, due to the negative impact of the financial markets, particularly in the first half of the year - also from the impact of Covid-19 - and, to a greater extent, to the continued acceleration of provisions for guarantees to policyholders in Switzerland, reflecting more conservative long-term financial assumptions.

The P&C operating result of € 2,456 million increased significantly (+19.4%), benefiting from improved technical profitability, due to the improvement of the combined ratio (89.1%; -3.5 pps) even following the effects of the lockdown of the Group's main countries of operation and to the positive contribution from the recent acquisition of Seguradoras Unidas in Portugal.

The operating result of the Asset Management segment rose from € 425 million to € 546 million: the 28.5% increase reflected the improvement of performance fees and the consolidation of the revenues of the new multi-boutiques.

The operating result of the Holding and other businesses segment also increased, following the positive result of Banca Generali and of the other private equity businesses. Holding operating expenses were stable.

Lastly, the change in the consolidation adjustments was mainly due to higher intragroup transactions, specifically relating to dividends.

7 Premiums from social and environmental products refer to consolidated companies representing 99% of the Group's total gross direct written premiums.
As for premiums from environmental products, the premium from multi-risk policies covering NATCAT events only refers to the NATCAT guarantee. If the premium cannot be split into green-related component and other components, only the premium from the policies which are predominantly providing a green coverage or service is reported.

Operating result by country

(€ million)	31/12/2020	31/12/2019 (**)
Italy	1,845	1,757
France	861	799
Germany	905	832
Austria, CEE & Russia	916	875
International	370	667
Spain	264	293
Switzerland	-228	151
Americas & Southern Europe	198	145
Asia	153	85
Investments, Asset & Wealth Management (*)	821	687
Group holdings, other companies and consolidation adjustments	-510	-424
Total	**5,208**	**5,192**

(*) Investments, Asset & Wealth Management area includes the main Group entities operating in investment advisory, asset management and financial planning; it includes, among others, Banca Generali. Adding the operating result of AM of the Central and Eastern European countries to that of Investments, Asset & Wealth Management reported in the table, the total operating amounts to € 853 million (€ 711 million at 31 December 2019).

(**) The amounts posted for several countries in 2019 were restated due to a different classification of certain companies and investment vehicles in 2020 following a change in the shareholding structure.

NON-OPERATING RESULT

The Group's non-operating result was € -1,848 million (€ -1,581 million at 31 December 2019). In particular:

- net impairments were € -530 million (€ -333 million at 31 December 2019) mainly due to higher impairments on equity instruments, driven by the negative performance of the financial markets, especially in the first half of the year, also due to the global spread of the pandemic. More specifically, impairments on investments classified as available for sale amounted to € 300 million[8]. Net impairments also included € 93 million of goodwill impairment relating to the Life business of the company in Switzerland reported in the first half of 2020;
- net realized gains totalled € 32 million (€ 21 million at 31 December 2019), and included expenses of € 94 million[9] resulting from the liability management transaction in July 2020, which involved the buyback of three series of subordinated notes with an aggregate nominal amount of around € 600 million. The previous liability management transaction carried out in September 2019 had entailed expenses of € 245 million[10]. Net of these liability management transactions, net realized gains were down by € 139 million;
- net non-operating income from financial instruments at fair value through profit or loss amounted to € -97 million (€ -42 million at 31 December 2019) due to the performance of the financial markets;
- other net non-operating expenses posted € -674 million (€ -520 million at 31 December 2019). The item comprised € -126 million for the amortization of the value of the acquired portfolios (€ -137 million at 31 December 2019); € -126 million for restructuring costs (€ -137 million at 31 December 2019; the decrease was due to lower costs mainly in Germany), and € -421 million in other net non-operating expenses (€ -246 million at 31 December 2019). The latter included, inter alia: the non-operating expense amounting to € 100 million[11] for the establishment of the Extraordinary International Fund launched by the Group to tackle the Covid-19 emergency, to support national healthcare systems and economic recovery; other local initiatives in the main countries of operation totalling € 68 million, to respond to the Covid-19 emergency; and, in France, a mandatory extraordinary contribution to the national healthcare system requested of the insurance sector of € 64 million;
- holding non-operating expenses amounted to € -579 million (€ -707 million at 31 December 2019). The improvement is mainly attributable to the reduction of interest expense on financial debt, which fell from € -605 million to € -493 million, in line with the strategy to reduce external debt set in place in 2019 and 2020.

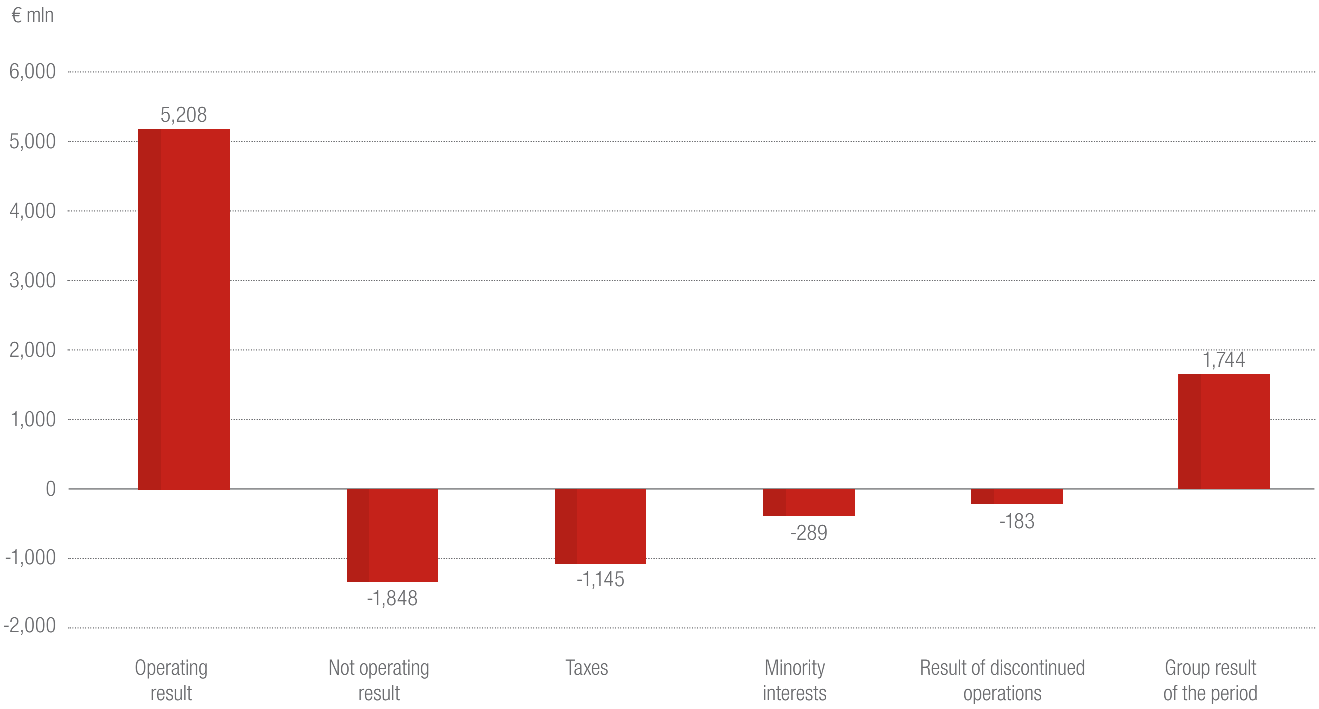
8 The impact on net result of operating and non-operating impairments was € 287 million. As communicated at the time of the Financial Information at 30 September 2020, which does not represent an Interim Financial Report according to the IAS 34 principle, the impairments at said date did not reflect a permanent change in the carrying value of these investments, which, for the purposes of this document, was determined on the basis of market values at 31 December. On said date, operating and non-operating impairments of assets available for sale net of profit sharing and taxes amounted to, as indicated above, € 287 million (€ 310 million 9M20), showing an increase due mainly to the recovery of the financial markets observed towards the end of the year, which made a contribution of € 53 million.

9 This amount, after taxes, was € 73 million.

10 This amount, after taxes, was € 188 million.

11 This amount, after taxes, was € 77 million.

GROUP'S RESULT OF THE PERIOD



The result of the period attributable to the Group was € 1,744 million. The decrease of 34.7% against € 2,670 million posted at 31 December 2019 reflected:

- the performance of the operating result and non-operating result commented above;
- the impact of gains and losses related to disposals of discontinued operations, amounting to € -183 million for the settlement agreement with BTG Pactual to end arbitration for the BSI disposal (€ 475 million at 31 December 2019, relating to the disposal of Generali Leben and business in Belgium);
- the higher tax rate, which rose from 31.3% to 34.7%, mainly due to the higher impact of non-deductible expenses;
- the result attributable to minority interests of € 289 million, which corresponded to a minority rate of 14.2% (9.2% at 31 December 2019) and which increased compared to last year (€ 269 million), mainly reflecting the performance of the multi-boutiques, of Asia and of Banca Generali.

The adjusted net profit, which does not include the impact of gains and losses related to disposals, amounted to € 1,926 million (-12.1%). Excluding the expense of the Extraordinary International Fund for Covid-19 of € 100 million[12] and the expense from the liability management transaction of € 73 million, adjusted net profit was € 2,076 million (-12.7%).

12 This amount, after taxes, was € 77 million.

DISCLOSURE ON THE QUANTITATIVE IMPACTS OF COVID-19 ON THE GROUP[13]

The impact of the Covid-19 pandemic on the Group's results, relating to the segments in which the Group operates as a whole, were calculated taking into consideration both the direct effects resulting from Covid-19 - relating for example to higher claims resulting from the pandemic itself and to the establishment of Funds to support the communities affected by Covid-19 - and the indirect effects, for which an estimate process was required to calculate the share of the same attributable to Covid-19. The latter category included the effects relating to the decrease of assets, the lower loss ratio reported during the year due to the lockdown situation, as well as the lower result of operating financial management, which was influenced by the performance of the financial markets.

The operating result for 2020 was estimated to have been negatively impacted by approximately € -123 million as a result of the Covid-19 pandemic.
In particular, the Life business was estimated to have been impacted for a total of € -307 million, largely due to the lower net investment result, given the situation of the financial markets and, to a lesser extent, by the higher claims for health cover in France resulting from the pandemic.
The P&C business was estimated to have been positively impacted for € 120 million: higher claims directly linked to the pandemic and lower current income were more than offset by a lower loss ratio as a result of the lockdown measures in the main countries in which the Group operates, over the year.
Lastly, the operating result was estimated to have been positively impacted by cost savings resulting from the various initiatives implemented by the Group to respond to the Covid-19 crisis, including the new way of working that extended remote working to over 90% of administrative staff, to ensure the safety of Group employees and led to cost savings (e.g. travel costs, expenses for events, etc.). In addition to the initiatives carried out by the Group, the Group CEO, the members of the Group Management Committee and other managers with strategic responsibilities decided voluntarily to reduce their fixed remuneration by 20% starting in April 2020 and until year end, further increasing the Extraordinary International Fund for Covid-19.

The non-operating result included:

- an expense of € 100 million[14] for the establishment of the Extraordinary International Fund launched by the Group to tackle the Covid-19 emergency, to support national healthcare systems and economic recovery;
- local initiatives amounting to € 68 million in the main countries of operation in response to the Covid-19 emergency;
- the mandatory extraordinary contribution to the national healthcare system in France requested of the insurance sector of € 64 million.

As previously reported, the result of the period included also € 287 million in net impairments on investments due to financial market performance, particularly in the first half of the year.

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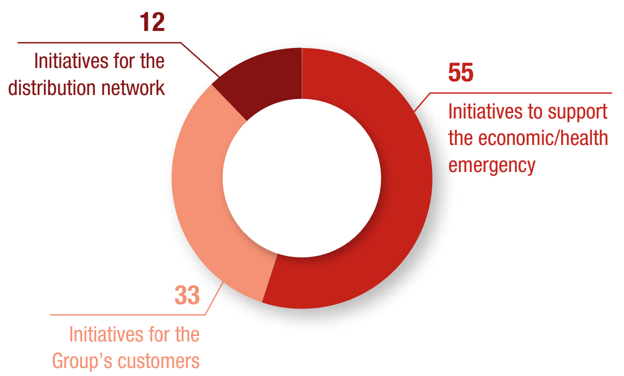
The table below shows the different initiatives to which the resources of the Extraordinary International Fund were directed, as well as the destination countries.

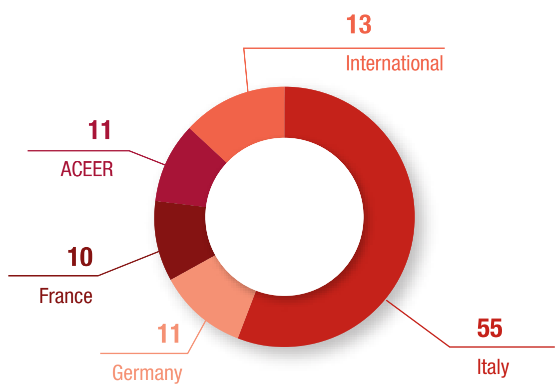
Extraordinary International Fund: breakdown by type of initiative

€ mln



Extraordinary International Fund: breakdown by country of destination

€ mln



Our main markets: positioning and performance, p. 83 for further details on local initiatives relating to Covid-19

13 In the *Challenges and opportunities of the market context* section, information is provided on the situation generated by the Covid-19 pandemic, as well as qualitative information on the impact suffered by the Group's various businesses. The current uncertain environment makes it very difficult to evaluate the overall impact of the pandemic, both in the present and in the future. Please refer to the *Outlook* section for further information.
14 This amount, after taxes, was € 77 million.

From operating result to result of the period

(€ million)	31/12/2020	31/12/2019	Change
Consolidated operating result	**5,208**	**5,192**	**0.3%**
Net earned premiums	64,468	66,239	-2.7%
Net insurance benefits and claims	-60,011	-71,062	-15.6%
Acquisition and administration costs	-11,430	-11,252	1.6%
Net fee and commission income and net income from financial service activities	787	679	16.0%
Operating investment result	12,275	21,326	-42.4%
Net operating income from financial instruments at fair value through profit or loss	1,709	10,279	-83.4%
Net operating income from other financial instruments	10,565	11,047	-4.4%
Interest income and other income	10,283	10,895	-5.6%
Net operating realized gains on other financial instruments and land and buildings (investment properties)	1,921	1,586	21.1%
Net operating impairment losses on other financial instruments and land and buildings (investment properties)	-620	-333	86.2%
Interest expense on liabilities linked to operating activities	-307	-401	-23.5%
Other expenses from other financial instruments and land and buildings (investment properties)	-711	-700	1.6%
Operating holding expenses	-528	-529	-0.2%
Net other operating expenses (*)	-353	-207	70.1%
Consolidated non-operating result	**-1,848**	**-1,581**	**16.9%**
Non operating investment result	-595	-354	68.0%
Net non-operating income from financial instruments at fair value through profit or loss	-97	-42	n.m.
Net non-operating income from other financial instruments (**)	-498	-312	59.7%
Net non-operating realized gains on other financial instruments and land and buildings (investment properties)	32	21	53.6%
Net non-operating impairment losses on other financial instruments and land and buildings (investment properties)	-530	-333	59.3%
Non-operating holding expenses	-579	-707	-18.1%
Interest expenses on financial debt	-493	-605	-18.5%
Other non-operating holding expenses	-86	-102	-15.7%
Net other non-operating expenses	-674	-520	29.6%
Earning before taxes	**3,360**	**3,611**	**-7.0%**
Income taxes (*)	-1,145	-1,147	-0.2%
Earnings after taxes	**2,215**	**2,465**	**-10.1%**
Profit or loss from discontinued operations	-183	475	n.m.
Consolidated result of the period	2,032	2,939	-30.9%
Result of the period attributable to the Group	**1,744**	**2,670**	**-34.7%**
Result of the period attributable to minority interests	289	269	7.3%

(*) At 31 December 2020 the amount is net of operating taxes for € 15 million and non-recurring taxes shared with the policyholders in Germany for € -46 million (at 31 December 2019 for € 52 million and € -27 million, respectively).

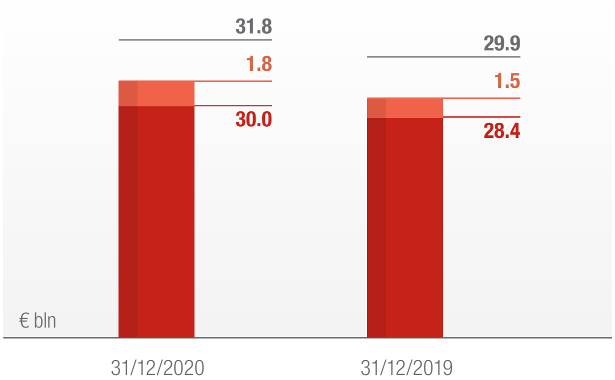
(**) The amount is gross of interest expenses on liabilities linked to financing activities.

GROUP'S FINANCIAL POSITION

GROUP SHAREHOLDERS' EQUITY AND SOLVENCY

The shareholders' equity attributable to the Group amounted to € 30,029 million, an increase of 5.9% compared to € 28,360 million at 31 December 2019. The change was mainly attributable to:

- the result of the period attributable to the Group, which amounted to € 1,744 million at 31 December 2020;
- the distribution of the first tranche of 2019 dividend of € 785 million. Note that in November 2020, the Board of Directors resolved to comply with the requests of the Regulator and therefore, not to proceed with the payment of the second tranche of the 2019 dividend before the end of 2020, although the requirements of the Group Risk Appetite Framework had been met. The second tranche of the 2019 dividend will be payable as from 20 October 2021 and the shares will be traded ex-dividend as from 18 October 2021: such second tranche will be payable subject to the verification by the Board of Directors of the absence of impeding supervisory provisions or recommendations in force at that time;
- other comprehensive income (€ 646 million) due to the increase in the reserve for unrealized gains or losses on available for sale financial assets of € 1,306 million, mainly arising from the performance of bonds, partially offset by both the reduction in the reserve for exchange rate differences of € 521 million and of the reserve of unrealized gains or losses for defined benefit plans of € 180 million.



Rollforward of Shareholders' equity

(€ million)	31/12/2020	31/12/2019
Shareholders' equity attributable to the Group at the end of the previous period	**28,360**	**23,601**
Result of the period	1,744	2,670
Dividend distributed	-785	-1.413
Other comprehensive income	646	3,598
Reserve for unrealized gains and losses on available for sale financial assets	1,306	4,004
Foreign currency translation differences	-521	119
Net unrealized gains and losses on hedging derivatives	41	95
Net unrealized gains and losses on defined benefit plans	-180	-391
Other net unrealized gains and losses	0	-228
Other items	64	-96
Shareholders' equity attributable to the Group at the end of the period	**30,029**	**28,360**

The Solvency Ratio - which represents the regulatory view of the Group's capital and is based on the use of the Internal Model, solely for companies that have obtained the relevant approval from IVASS, and on the Standard Formula for other companies -stood at the same level of the previous year (224%).

This solvency position was the result of a very positive contribution of normalized capital generation (mainly related to the resilient performance of the Life new business and to the excellent P&C result), that - coupled with positive impacts from regulatory changes (in particular, the extension of the Internal Model for operational risks) and from de-risking and asset-liability management actions undertaken during the year - offset negative impacts from the financial markets performance (defined by a further decrease in risk-free rates), M&A transactions and foreseeable dividend of the period.

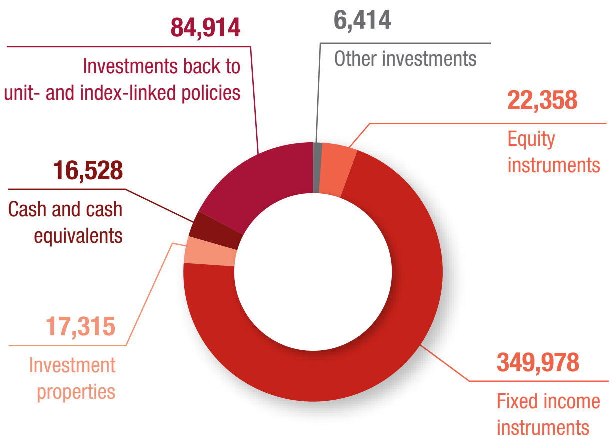
Risk Report, p. 117 of the Annual Integrated Report and Consolidated Financial Statements 2020 for further information on the Group's solvency

INVESTMENTS

Asset allocation

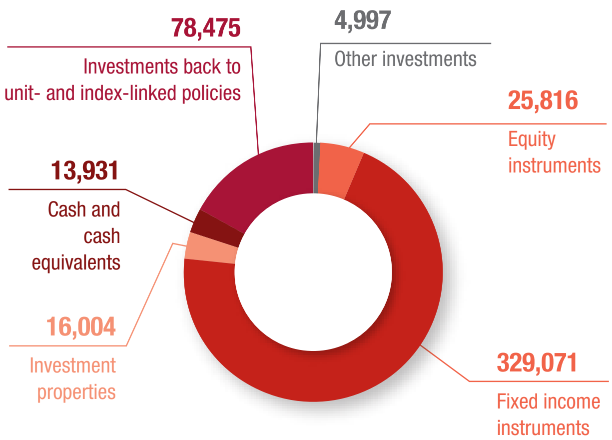
Investments at 31 December 2020

€ mln



Investments at 31 December 2019

€ mln



At 31 December 2020, total investments amounted to € 497,506 million, up by 6.2% over the previous year. Both Group investments at € 412,592 million (+5.8%) and unit/index-linked investments at € 84,914 million (+8.2%) increased.

In terms of weight of the main investment categories, the relative exposure of fixed income instruments was substantially stable at 84.8% (84.4% at 31 December 2019), while that of equity instruments decreased, reporting 5.4% (6.6% at 31 December 2019). The weight of investment properties was stable at 4.2% (4.1% at 31 December 2019), while that of other investments was slightly up at 1.5% (1.3% at 31 December 2019). Note that other investments mainly include receivables from banks and customers, investments in subsidiaries, associated companies and joint ventures, and derivatives. Lastly, the weight of liquidity went from 3.6% to 4.0%.

FIXED INCOME INSTRUMENTS

Fixed income instruments increased by 6.4% to € 349,978 million compared to € 329,071 million at 31 December 2019. In particular, the bond portfolio grew to € 307,631 million (+5.6%).

With reference to the composition of the bond portfolio, government bonds, which represented 55.4% (53.6% at 31 December 2019), were up, standing at € 193,735 million (€ 176,355 million at 31 December 2019). The change during the period was due to the increase in value of the securities in the portfolio and the effects of investment allocation strategies.

The exposure to individual government bonds was mainly allocated to the respective countries of operation, in line with the Group's ALM policy.

The corporate component decreased in absolute terms to € 113,895 million (€ 115,033 million at 31 December 2019), due to investment decisions, relating to 32.5% of the bond portfolio (35.0% at 31 December 2019). The exposure due to aiming the reinvestment strategy at the sovereign bond component decreased in nominal terms.

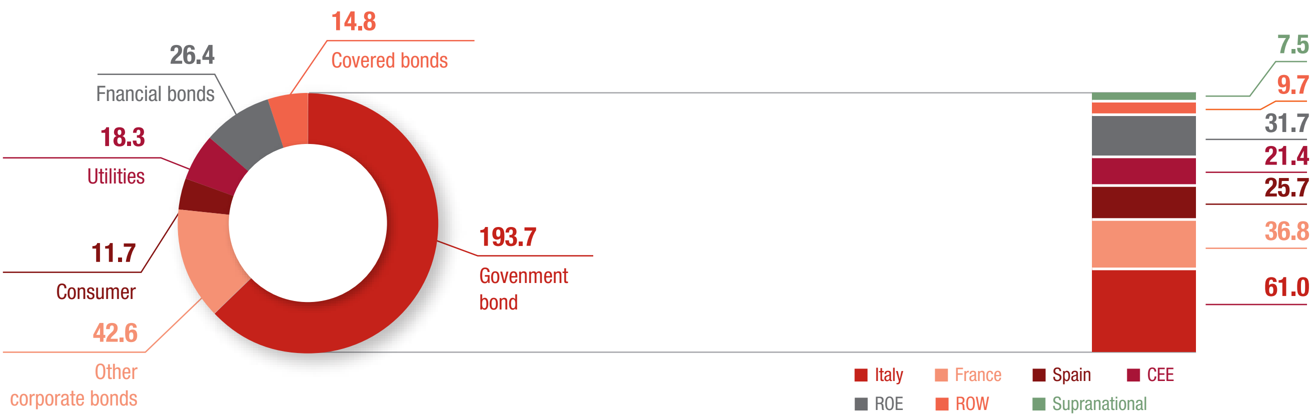
Taking into consideration, on the other hand, the current breakdown of the portfolio, the allocation is basically stable with a slight preference for the utilities sector.

Bond portfolio: detail by sector

€ bln

Government bonds: detail by country of risk

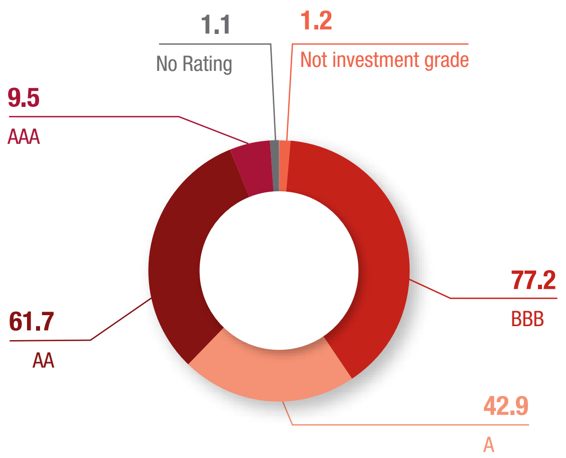
€ bln



The credit rating of the Group's corporate portfolio was down slightly, with 92% of the bonds classified as Investment Grade (94% at the end of the previous year).

Bond portfolio: government bonds by rating

€ bln



Bond portfolio: corporate bonds by rating

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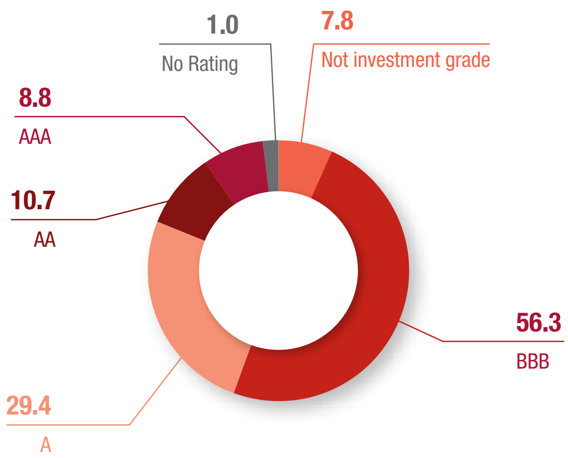

EQUITY INSTRUMENTS

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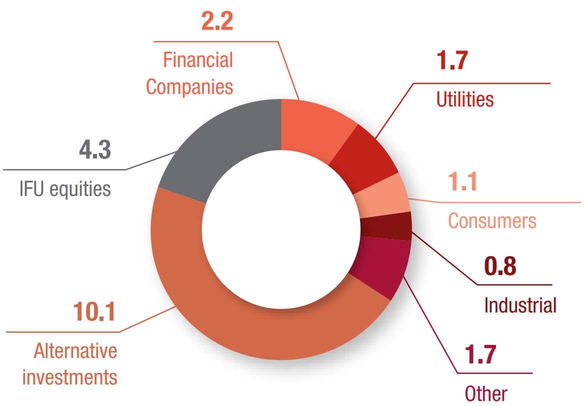


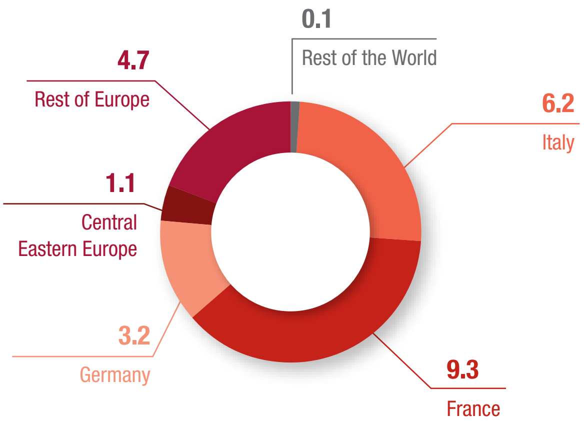
Equity instruments decreased in absolute terms, standing at € 22,358 million (€ 25,816 million at 31 December 2019). The change was attributable to portfolio decisions combined with market impact. In terms of allocation, the investment in alternative instruments component was up against a fall in listed instruments.

LAND AND BUILDINGS (INVESTMENT PROPERTIES)

Investment properties in terms of book value amounted to € 17,315 million (€ 16,004 million at 31 December 2019).

Direct investment properties at fair value

€ bln



Specifically, the direct investment properties of the Group at fair value amounted to € 24,660 million (€ 22,693 million at 31 December 2019), and were almost all in Western Europe, mainly in Italy, France and Germany, and were held in the respective countries in which they operate.

Sustainable and responsible investments

Sustainable and responsible investments are a key tool to integrate social responsibility into the business of an insurance group and to create long-term sustainable value for stakeholders. As an institutional investor with assets of more than € 664 billion, through its investments Generali can contribute to achieving the key sustainable development goals, and at the same time avoid financing sectors and companies that have a negative impact on the world around them.
Responsibility towards the world around us goes hand in hand with responsibility towards our stakeholders. Investing while limiting risk, including those related to environment and sustainability, is a fundamental requirement to respecting our commitment to them.
To confirm this commitment, in 2007, the Group joined the United Nations Global Compact, and in 2011 we integrated the PRI (Principles for Responsible Investment), defined by the international network of the same name sponsored by the United Nations, into our investment strategy. For the fifth consecutive year, in 2020, the PRI gave Generali's *Strategy & Governance* the highest score (A+), to acknowledge our continuous commitment on this front.

STRATEGY ON CLIMATE CHANGE

A net-zero climate strategy

The fight against climate change represents one of the main challenges of this century. The latest report of the International Panel on Climate Change (IPCC) highlighted that we may only have another 10 years left before the increase in temperature generates irreversible effects on our planet. For this reason, in 2018 we announced a Strategy on climate change which states our commitment to avoid investments in the coal sector (around € 2 billion) and to invest € 3.5 billion in green and sustainable sectors. In 2018 and 2019, we strengthened these commitments, by adding the tar sands sector to the list of exclusions and increasing the target for new green and sustainable investments to € 4.5 billion by 2021.
The exclusion of investments in companies involved in the coal supply chain and in the extraction of tar sands is part of this strategy. Investments in coal, the most polluting source of electricity in terms of CO_2 emissions, have to be reduced to a minimum if we want to limit climate change. In the same way, the impact of tar sands on the environment, in terms of CO_2 emissions, alongside deforestation and water consumption, led to the decision to exclude those companies from the Group's investable universe.

Net-Zero Asset Owner Alliance

Adopting a climate change strategy does not just entail excluding sectors but requires a holistic commitment. In 2020, the Group joined the Net-Zero Asset Owner Alliance (NZ AOA), a group of 33 institutional investors representing over $ 5.1 trillion, established on the initiative of the United Nations, which is committed to reducing the net greenhouse gas emissions of its portfolios to zero by 2050 to avoid an increase in the global temperature of 1.5°C. This goal will be pursued by working closely with the companies in the portfolio, regulatory and government bodies with a view to urging the adoption of practices and regulations aligned to the commitments of the Paris Agreement, also by integrating the strategy with targeted investing. In accordance with the principles of the NZ AOA, we will adopt intermediate targets for 2025[15] which reflect our continuous commitment to achieving this long-term goal.

Climate-related financial disclosure for further information

Carbon footprint of the Group's equities and corporate bonds portfolios

ABSOLUTE EMISSIONS[16]

14.65 mln tCO_2

CARBON FOOTPRINT[16]

176 tCO_2 per € mln invested

WEIGHTED AVERAGE CARBON INTENSITY[16]

230 tCO_2 per € mln revenues

Our commitments for greener real estate assets

Through the NZ AOA initiative, we have committed to the decarbonisation of our assets by 2050, including our real estate assets. This commitment is a natural consequence of the efforts already made by the Group for several years to manage its real estate assets more sustainably.
The Group's responsibility results into the daily commitment of our dedicated management company, Generali Real Estate (GRE). More specifically, GRE has adopted a Responsible Property Guideline, which establishes the core principles for the responsible management of our real estate investments. We have also adopted measures to reduce the environmental impact of the real estate we invest in, prioritising in particular the purchase, development and retrofitting of real estate with green certifications (for example, BREEAM and LEED).

15 In line with the NZ AOA Target Setting Protocol, the intermediate targets to decarbonizing the portfolio by 2025 will be undertaken using carbon footprint at the end of 2019 as baseline.
16 The absolute emissions, carbon footprint and weighted average carbon intensity (WACI) indicators represent the metrics recommended by the TCFD (Task force on Climate-related Financial Disclosure) and indicated in the *Guidelines on non-financial reporting: supplement on reporting climate-related information*. The indicators published cover Scope 1 and Scope 2 emissions of the companies in the portfolio and represent 73% of the assets under management of the portfolio of reference (general account investments in equities and corporate bonds).

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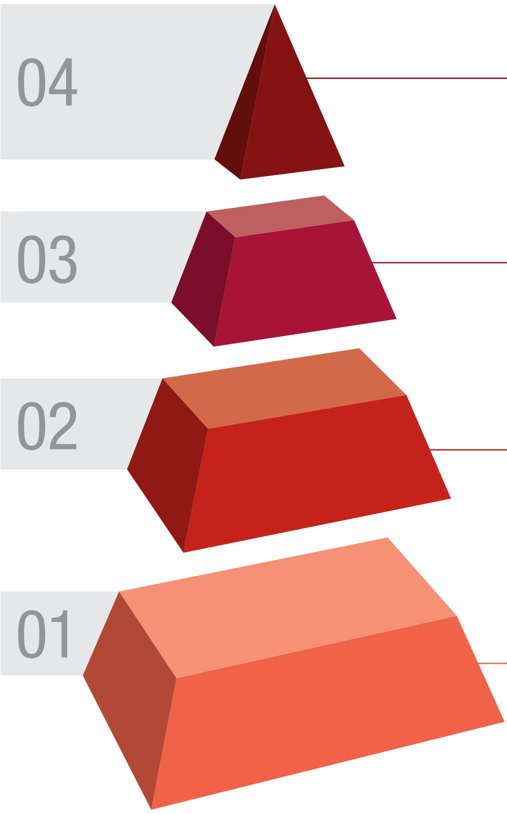
INTEGRATING RESPONSIBILITY PRINCIPLES INTO OUR INVESTMENTS

Integrating responsibility principles into our investments breaks down into four levels:



STEWARDSHIP

- Promotion of sustainable practices in investee companies
- Voting activities (1,487 shareholders' meetings attended and 19,731 resolutions voted in 2020)
- Dialogue with invested companies on ESG topics

THEMATIC INVESTMENTS

- € 4.5 bln in new green and sustainable investments by 2021: target achieved in advance (€ 5,973 mln at December 2020)
- € 1 bln in sustainable investments - Covid-19 EU Recovery Plan

ESG & SRI INVESTMENTS

- As asset owner: € 33,837 mln[17] SRI investment mandates managed according to the ESG approach of Generali Insurance Asset Management
- As asset manager: € 7,671 mln ESG and SRI funds managed by Sycomore, the Group boutique specialised in ESG funds

EXCLUSION POLICIES

- Violations of the UN Global Compact principles
- Unethical sectors (non-conventional weapons)
- Activities incompatible with environmental objectives (coal, tar sands)

01. EXCLUSION OF COMPANIES BELONGING TO CONTROVERSIAL SECTORS/BUSINESSES AND INVOLVED IN VIOLATIONS OF THE UN GLOBAL COMPACT PRINCIPLES

Generali exclude from the investable universe companies those responsible for serious and systematic violations of the principles of the Global Compact (corruption, environmental damage, including damage to biodiversity, and human rights violations) or significantly involved in the thermal coal, tar sands or controversial weapons sectors. These exclusions are illustrated in the Responsible Investment Group Guideline (RIG), which regulates responsible investment activities at Group level, and are applied to a perimeter of € 326,425 million direct investments of the Group's insurance companies.
A dedicated cross-functional committee, the Responsible Investment Committee, supports the decisions on potential exclusions from investments and draws up new strategies in this regard.
The Group also requires its asset managers to act in compliance with the principles of the RIG and assesses alignment with ESG criteria also when selecting funds managed by external asset managers.

DIRECT INVESTMENTS BY THE GROUP'S INSURANCE COMPANIES WHICH ARE SUBJECT TO THE RIG **+4.7%**

€ 326,425 mln

17 Of these, 81.2% was subject to SRI analysis and reported a compliance rate of more than 95.2% with the SRI principles of Generali Insurance Asset Management. The remaining 18.8% was not covered by the SRI analysis (mutual funds, issuers located in non-European regions and unlisted issuers).

02. ESG & SRI INVESTMENTS

SUSTAINABLE AND RESPONSIBLE INVESTMENT (SRI) **+16.9%**

€ 41,508 mln

As asset owner: € 33,837 mln

Thanks to an ESG methodology, which integrates non-financial and traditional financial aspects, developed internally by dedicated teams from Generali Insurance Asset Management, we select the best companies in terms of their corporate social responsibility and sustainable development policies, to establish dedicated SRI management mandates.

As asset manager: € 7,671 mln

We are boosting ESG integration not only in terms of our investments, but also in the range of ESG products offered to the market. In 2019, we acquired Sycomore, an asset manager specialised in ESG funds, strengthening our commitment to include ESG criteria in portfolio management. Sycomore offers a wide range of funds, including SRI certified funds, funds that integrate ESG factors and funds relating to sustainable investment.

www.sycomore-am.com for further information on Sycomore

03. THEMATIC INVESTMENTS

Green and sustainable investments

NEW GREEN AND SUSTAINABLE INVESTMENTS[18]

€ 5,973 mln

OVERACHIEVED

Target of € 4.5 billion by 2021

When selecting green and sustainable investments, we focused on bond and infrastructure investments.

Investments in green and sustainable bonds were identified on the basis of internationally recognised principles, issued by the International Capital Market Association (ICMA), including Green Bonds Principles, Social Bonds Principles and Sustainable Bonds Guidelines. Investments in this asset class encompassed both corporate and government bonds, and contributed mainly to funding renewable energies and energy efficiency, as well as low-impact transport solutions, adaptation to the impacts of climate change and efforts to preserve biodiversity.

Investments in green and sustainable infrastructure were identified on the basis of the proprietary methodology of Generali Global Infrastructure, which uses a model to assess ESG aspects, including the contribution of infrastructure projects to the Sustainable Development Goals of the United Nations (SDGs). Investments in this asset class funded a wide range of projects, including renewable energies, energy efficiency, low-impact transport solutions and communications.

Covid-19: commitment to a sustainable economic recovery

The commitment of a large Group such as Generali and the help it can provide are even more evident in times of crisis. The social and economic crisis triggered by the Covid-19 pandemic emphasised the need to strengthen and consolidate the European model, from a healthcare, economic and social perspective. To contribute to repairing the economic and social damage caused by the pandemic, the European Commission, the European Parliament and EU leaders have agreed on a recovery plan that will help the EU to emerge from the crisis and lay the foundations for a more modern and sustainable Europe. Generali has undertaken to actively contribute to this recovery: we have joined the European Green Recovery Alliance, launched on the initiative of the Chair of the Environment Committee at the European Parliament, which is based on the belief that the recovery will be an opportunity to rethink the society and to develop a new economic model for Europe that is resilient, focused on the protection of the individual, sovereign and inclusive, in which the financial goals and the needs of the planet are aligned. To this end, we have committed to investing around € 1 billion in sustainable activities that can make a real contribution to sustainable European recovery. By taking this twofold approach to these investments, aimed towards recovery, but only if sustainable, we will be supporting a greener and more digital recovery.

18 New green and sustainable investments refer to the 2018-2020 cumulative data of Generali Insurance Asset Management and Generali Global Infrastructure. 55.3% of these investments were made in 2020.

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04. STEWARDSHIP

SHAREHOLDERS' MEETINGS WE ATTENDED	+5.2%	RESOLUTIONS VOTED	+6.8%	AGAINST VOTES	-1.0 pps
1,487[19]		19,731		12%	

As a responsible investor, we undertake to promote sustainability in our investees through proxy voting and engagement activities. To this end, we have an Active Ownership Guideline which defines the fundamental values of the Group, including with respect to sustainability.
Engagement activities are used as effective leverage to influence corporate practices on ESG aspects, to encourage greater transparency on these topics or to gain a greater understanding of investees' ESG risk management.
In 2020, engagement activities were performed on the basis of the Engagement Priority List, approved by the Group Engagement Committee at the end of 2019. Further engagement opportunities were also identified and validated in 2020.
With regard to proxy voting, the voting principles established in the Active Ownership Guideline include topics such as: rights of shareholders, corporate bodies, remuneration policies, financial statements, disclosure of information and transparency, share transactions, environmental and social aspects, special provisions for listed companies with reduced market capitalisation and unlisted companies, related party transactions.
When the Active Ownership Guideline was revised in 2020, we introduced voting principles that refer to systemic and market risks relating to pandemic situations. The updates will be applicable from 2021.
In general, our approach to voting envisages exercising our voting rights whenever reasonably possible, without making discriminations based on the subject of the vote or the size of the shareholding in the issuers. Voting decisions are taken following an internal analysis based on documents made public by the issuers and on research provided by the proxy advisors.

www.generali.com/our-responsibilities/responsible-investments for further information on the Active Ownership Guideline

Investment result

Return on investments

	31/12/2020	31/12/2019
Economic components		
Current income from fixed income instruments	8,505	8,832
Current income from equity instruments	850	1,045
Current income from real estate investments (*)	768	838
Net realized gains	1,975	1,771
Net impairment losses	-1,067	-612
Net unrealized gains	17	260
Average stock	**394,761**	**376,308**
Ratio		
Current return (*)	2.6%	2.9%
Harvesting rate	0.2%	0.4%
P&L return	2.7%	3.2%

(*) Net of depreciation of the period.

The current return on investments fell slightly to 2.6% (2.9% at 31 December 2019). The performance of this indicator is attributable both to a lower current income from fixed income instruments in relation to the context of low interest rates, and to the decrease in the current income from equity instruments impacted also by the effects of the Covid-19 pandemic.

The contribution to the result of the period deriving from net realized gains, net impairments, and net unrealized gains (harvesting rate)[20] showed a decrease to 0.2% (0.4% at 31 December 2019), impacted by the effect of higher impairments in 2020.

19 The shareholders' meetings relating to the direct investment of insurance companies are 1,052.
20 The contribution to investments backing unit-linked policies was excluded. Please refer to the chapter *Methodological notes on alternative performance measures* for details on the calculation of the return on investments.

DEBT AND LIQUIDITY

Debt

In accordance with the IAS/IFRS managerial model used by the Generali Group, consolidated liabilities were split into two categories:

- liabilities linked to operating activities, defined as all the consolidated financial liabilities related to specific balance sheet items from the consolidate financial statements. This category also includes liabilities stated by the insurance companies against investment contracts and liabilities to banks and customers of banks belonging to the Group;
- liabilities linked to financing activities, including the other consolidated financial liabilities, among which subordinated liabilities, bond issues, and other loans obtained. This category includes, for example, liabilities incurred in connection with a purchase of controlling interests.

Total liabilities were as follows:

Group debt

(€ million)	31/12/2020	31/12/2019
Liabilities linked to operating activities	**34,376**	**29,891**
Liabilities linked to financing activities	**9,692**	**11,013**
Subordinated liabilities	7,681	7,717
Senior bonds	1,738	2,988
Other non-subordinated liabilities linked to financing activities	273	308
Total	**44,068**	**40,904**

The liabilities linked to operating activities posted an increase due mainly to the increase in the deposits of the Group banks.

The decrease in the Group's liabilities linked to financing activities was mainly due to the redemption of the senior bond in January 2020. During the year, a liability management transaction was completed, which involved the buyback at a nominal value of € 600 million of subordinated liabilities with call date of 2022, and the issue of new green bonds for the same amount.

The weighted average cost of liabilities linked to financing activities stood at 4.94%, substantially unchanged against 2019, as the senior bond redeemed had a coupon of 2.62%, which was lower than 5.66% at 31 December 2018. The weighted average cost reflects the annualized cost of the liabilities, considering the nominal amounts at the reporting date and the related transactions of currency and interest rate hedging.

Interest expenses on total liabilities were detailed below:

Interest expenses

(€ million)	31/12/2020	31/12/2019	Change
Interest expense on liabilities linked to operating activities	307	401	-23.5%
Interest expense on liabilities linked to financing activities	493	605	-18.5%
Total (*)	**800**	**1,006**	**-20.5%**

(*) Without taking into account the interest expenses on liabilities linked to operating activities of the real estate development companies, classified among the other expenses, as well as the interest on deposit under reinsurance business accepted, deducted from the related interest income.

DETAILS ON THE LIABILITIES LINKED TO FINANCING ACTIVITIES

Details on subordinated liabilities and senior bonds

(€ million)	31/12/2020				31/12/2019			
	Nominal value	Book value	Accrued interest expenses	Average weighted cost % (*)	Nominal value	Book value	Accrued interest expenses	Average weighted cost % (*)
Subordinated liabilities	7,717	7,681	402	4.90%	7,746	7,717	479	5.23%
Senior bonds	1,750	1,738	91	5.13%	3,000	2,988	125	4.19%
Total	**9,467**	**9,419**	**493**		**10,746**	**10,705**	**605**	

(*) The weighted average cost reflects annualized cost of financial debt, considering the outstanding debt at the reporting date and the related activities of currency and interest rate hedging.

Details of issues and redemptions of subordinated liabilities and senior bonds

(€ million)	31/12/2020			31/12/2019		
	Issuances	Redemptions	Issuances net of redemptions	Issuances	Redemptions	Issuances net of redemptions
Subordinated liabilities	600	600	0	1,250	1,750	-500
Senior bonds	0	1,250	-1,250	0	0	0
Total	**600**	**1,850**	**-1,250**	**1,250**	**1,750**	**-500**

DETAILS ON MAIN ISSUES

Subordinated liabilities

Main subordinated issues

	Coupon	Outstanding (*)	Currency	Amortised cost (**)	Issue date	Call date	Maturity
Assicurazioni Generali	6.27%	350	GBP	389	16/06/2006	16.02.2026	Perp
Assicurazioni Generali	6.42%	167	GBP	186	08/02/2007	08/02/2022	Perp
Assicurazioni Generali	10.13%	302	EUR	301	10/07/2012	10/07/2022	10/07/2042
Assicurazioni Generali	7.75%	467	EUR	467	12/12/2012	12/12/2022	12/12/2042
Assicurazioni Generali	4.13%	1,000	EUR	993	02/04/2014	n.a.	04/05/2026
Assicurazioni Generali	4.60%	1,500	EUR	1,341	21/11/2014	21/11/2025	Perp
Assicurazioni Generali	5.50%	1,250	EUR	1,244	27/10/2015	27/10/2027	27/10/2047
Assicurazioni Generali	5.00%	850	EUR	843	08/06/2016	08/06/2028	08/06/2048
Assicurazioni Generali	3.88%	500	EUR	498	29/01/2019	n.a.	29/01/2029
Assicurazioni Generali	2.12%	750	EUR	747	01/10/2019	n.a.	01/10/2030
Assicurazioni Generali	2.43%	600	EUR	596	14/07/2020	14/01/2031	14/07/2031
Generali zavarovalnica d.d. (***)	EUR3M+7,8%	50	EUR	50	24/05/2016	24/05/2021	24/05/2026

(*) In currency million.

(**) In currency million.

(***) This liability was issued by Adriatic Slovenica, merged in Generali zavarovalnica d.d. in 2020.

This category includes all subordinated liabilities issued by Assicurazioni Generali and other subsidiaries. The remaining subordinated liabilities are mainly issued by Austrian subsidiaries for approximately € 25 million at amortized cost.

Senior bonds

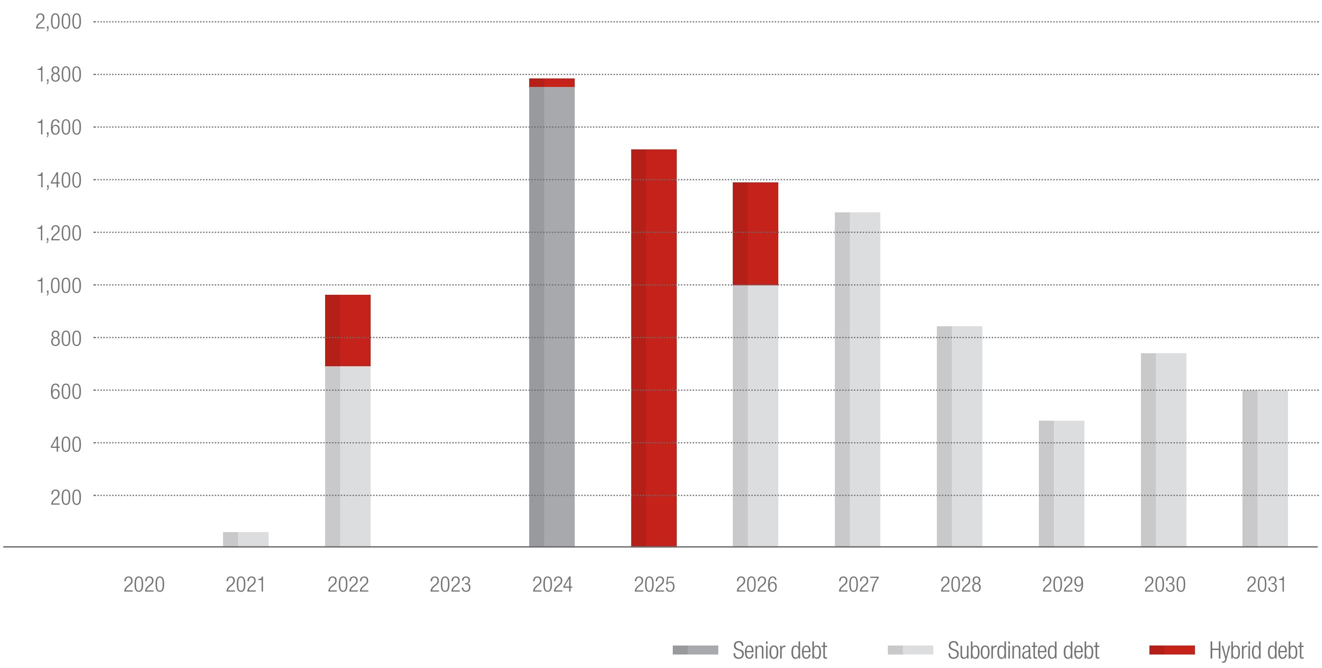
Main senior bonds issues

Emittente	Coupon	Outstanding (*)	Currency	Amortised cost (**)	Issue date	Maturity
Assicurazioni Generali	5.13%	1,750	EUR	1,738	16/09/2009	16/09/2024

(*) In currency million.

(**) In € million.

DETAIL ON DEBT MATURITY (€ MLN)



The average duration stood at 5.76 years at 31 December 2020 compared to 5.52 years at 31 December 2019.

REVOLVING CREDIT FACILITIES

Assicurazioni Generali has revolving credit facilities for a total amount of € 4 billion. They represent, in line with best market practice, an efficient tool to protect the Group's financial flexibility in case of adverse scenarios.

The two facilities, syndicated with a value of € 2 billion each, have a duration until 2021 and 2023.

The revolving credit facilities also present innovative features in terms of sustainability: their cost is linked to both the targets on green investments and the progress made in sustainability. This transaction further strengthens Generali's commitment to sustainability and environment, as set out in the Charter of Sustainability Commitments and in the climate change strategy.

This will only impact the Group's liabilities linked to financing activities if the facilities are drawn down.

Liquidity

Cash and cash equivalent

(€ million)	31/12/2020	31/12/2019
Cash at bank and short-term securities	6,935	6,165
Cash and cash equivalents	311	172
Cash and balances with central banks	654	537
Money market investment funds unit	9,326	6,863
Other	-698	194
Cash and cash equivalents	**16,528**	**13,931**

Liquidity rose from € 13,931 million to € 16,528 million at 31 December 2020; the increase in Group's cash and cash equivalents reflected the fact that the second tranche of 2019 dividends was not paid in 2020, as well as the centralized excess capital strategy carried out in 2020 along with the establishment of precautionary cash buffers to better respond to the uncertainties caused by the Covid-19.

OUR MAIN MARKETS: POSITIONING[15] AND PERFORMANCE

ITALY

GROSS WRITTEN PREMIUMS +4.3%

€ 25,217 mln

TOTAL OPERATING RESULT +5.0%

€ 1,845 mln

LIFE MARKET SHARE

16.9%

P&C MARKET SHARE

13.9%

RANKING

1st (1st LIFE AND 2nd P&C)

OUR PEOPLE +2.3%

13,446

In a global scenario reeling from the effects of the pandemic, Generali confirms its leadership position in the Italian insurance market with an overall share of 16.1%, up against last year. The company was distinguished by its resilience and solidity in an extremely challenging context, as it was able to count on an entirely renewed range of products, including innovative insurance solutions for its customers in both the Life and Property & Casualty segments. In terms of distribution, the multichannel strategy, which has been the prime focus in recent years, guaranteed excellent levels of inflows and premiums even during the lockdown periods, thanks to the use of remote sales tools made available to the sales force.
Business continues to be highly centred on agents, with a strong position in the direct Life and P&C channels, through Genertel and Genertellife, the first online insurance launched in Italy. Thanks to its partnership with Banca Generali, the Group is able to offer its customers a broad and complete variety of insurance, pension and savings products. Generali presents itself to the Italian market with three distinct brands marked by a clear strategic positioning - Generali (retail market and SME), Alleanza (households) and Genertel and Genertellife (alternative channels).
In 2020, Generali Italia forged ahead with the implementation of its Lifetime Partner programme, the objective of which is to become the company with the best customer experience through valuable consultancy, using all relationship channels, offering an increasingly extensive range of prevention and protection services and investing in new technologies and related ecosystems. Jeniot, a company launched by Generali Italia at the end of 2018 that develops innovative services in the Internet of Things and connected insurance area tied to mobility, home, health and work, also continued to grow.

In Italy, the important fiscal measures set in place by the Government to respond to the pandemic and support household income regarded in particular the less-protected workers, such as retailers, artisans and workers in small businesses. These measures curbed the growth of unemployment and poverty, limiting the number of company bankruptcies. Nevertheless, households increased their propensity for precautionary saving and the accumulation of liquidity reached peak levels in July.
The Italian insurance market, down by 4.7%, reflected the performance of Life inflows (-5.4%) conditioned by the fall in demand for traditional products, while the demand for unit-linked products was stable at 2019 levels, sustained by the recovery of the financial markets. New Life business continued to be mostly oriented towards traditional products: even as regards multi-business products, the traditional component, corresponding to 66.5%, prevailed over the unit-linked one (34.5%). The Property & Casualty market is expected to report a fall of 2.5%, reflecting the decrease of premiums in the motor line (-4.3%), exacerbated by suspensions of policies and renewal discounts guaranteed by many insurers to their customers during the lockdown period due to the lack of vehicle use. The net fall in frequency and the consequent improvement of technical results fuelled the competition on tariffs between operators. The non-motor line also felt the repercussions of the crisis, closing 2020 with a slight fall (-1.2%).
With reference to the financial markets, the ten-year BTP yield fell from 1.43% at year-end 2019 to 0.52%. The BTP-Bund spread went down from 161 bps at year-end 2019 to 110 bps. The total return of the FTSE MIB posted a negative performance (-3.3%).

With regard to the pandemic, starting with its own organisation, Generali took all possible measures to safeguard the health of its people and to continue to serve its customers. Smart working was immediately extended to all employees (currently it exceeds 95%) and constant contact was maintained with its people, also through live streaming sessions that involved 16 thousand employees and agents. In addition, the first Genertel remote insurance contact center was created to serve customers.
Through its agents, the company tackled the issue of working remotely, to be always connected and able, even in this emergency, to meet the needs of customers by exploiting new technologies and platforms. In just a few weeks, for example, it became the first remote network, manned by 12 thousand agents, to serve Italian households remotely.
The company has been by the side of its customers, households and businesses. It has provided support to SMEs in the retail sector, which has suffered significantly from the pandemic: its priority is to give immediate tangible help to business operators, guaranteeing a daily allowance for each day of

NFS

15 The indicated market shares and ranking, based on written premiums, refer to the most recent official data.

NFS

closure to over 6 thousand companies throughout Italy. It also provided assistance to over 1 million workers through newly formulated health insurance policies which cover Covid-19.
The company launched a partnership with doctors, providing remote medical consultations, to provide its customers with the health information they need.

Furthermore, to immediately meet the new requirements of schools, teachers and households, Generali extended the Ora di Futuro - The Human Safety Net project, which entails digital training and content to guarantee remote lessons in primary schools and in Ora di Futuro centres, providing real help to households in difficulty throughout Italy.
The above-cited initiatives amounted to around € 99 million[16].

LIFE PREMIUMS +5.4%	PVNBP +6.4%	NBV +0.7%	LIFE OR +2.7%
€ 19,636 mln	€ 20,754 mln	€ 926 mln	€ 1,371 mln

In a difficult international scenario characterised by the pandemic, by increasingly low interest rates and high volatility, Generali Italia has concentrated on a full-scale offer that envisages the development of pension, savings, investment and protection products according to the pre-set goals of improving advice given to the client and strengthening of premium with low capital absorption. Thanks to a multi-channel approach and to the integration of traditional sales systems with new remote sales tools, introduced with the simplification programme, Generali Italia managed to guarantee a valuable consultancy service to its retail customers, even in this complex context. The results relating to collective policies were particularly encouraging due, inter alia, to the agreement for the management of the Cometa Fund's assets.
The trend of Life premiums therefore showed good performance, supported by the protection line (+16.4%) and the strong growth of linked products (+58.0%) due to the acquisition of the Cometa Fund.
New business in terms of present value of new business premiums (PVNBP) stood at € 20,754 million, up 6.4% due to the one-off effect of the Cometa Pension Fund (without the latter the PVNBP would have fallen by 7.2%). Both the present value of future annual premiums (+3.3%) and the single premiums (+8.5%) were up.
With reference to the business lines, both the unit-linked products business (+55.9%, -5.3% without the contribution of the Cometa Fund) and that of protection products (+17.3%) reported significant growth, which offset the fall in savings and pension products caused by the unfavourable financial situation (-8.9%).
The new business margin (expressed as a percentage of PVNBP) decreased by 0.25 pps, falling from 4.71% in 2019 to 4.46% in 2020. This decrease was mainly driven by the lower profitability of the Cometa Pension Fund (without which, the profit margin would have been 4.87%, up 0.15 pps). The increase in sales of capital-light products is worth noting, the weight of which rose from 21.6% to 49.7%.
New business value amounted to € 926 million (+0.7%).

P&C PREMIUMS +0.9%	P&C OR +12.4%	CoR -3.6 pps
€ 5,581 mln	€ 531 mln	88.3%

Property & Casualty premiums remained stable (+0.9%) resulting from different trends. In 2020, net of the effects related to the pandemic, Generali concentrated on improving profitability and on defending the motor portfolio with interventions on the flexibility and development of smart-pricing models thanks to advanced analytics activities. The total decrease in the motor line (-3.0%) was therefore offset by a significant improvement in profitability, the majority of which due to the fall in frequency by virtue of the various lockdown phases, in a market that was still highly competitive.
In the non-motor lines (+3.3%), the renewal of the product range through the development of new associated services and products, combined with the ever-increasing attention paid to improving industrial processes and the relative levels of service, enabled the production levels of the previous year to be surpassed, in a difficult context, benefiting in particular from the performance of retail and Employee Benefit lines.
The combined ratio fell substantially, sustained by the significant improvement of the current year loss ratio linked above all to the motor line following the national lockdown measures adopted. The weight of natural catastrophe claims increased slightly (+0.3 pps).

16 € 26 million of which was financed by the Generali Group's International Fund.

GERMANY

GROSS WRITTEN PREMIUMS +0.9%	TOTAL OPERATING RESULT +8.7%	LIFE MARKET SHARE
€ 14,418 mln	€ 905 mln	6.9%
P&C MARKET SHARE	**RANKING**	**OUR PEOPLE -1.3%**
5.1%	2nd (LIFE AND P&C)	9,486

Generali has been active in Germany since 1837. The Group ranks second in terms of total premium income due to a 6.9% market share in the Life business (also including the health business), in which it plays a leadership role in the unit-linked and protection lines, and to a 5.1% P&C share, distinguished by a sharply higher premium profitability than the market average.

In 2020, Generali Deutschland reported solid performance thanks to a constant focus on profitability and on low capital absorption solutions, which, together with careful cost control, enabled the business unit to offset the negative impact of the pandemic. The Deutsche Vermögensberatung (DVAG) distribution network provided fundamental support, in terms of both premium income and profit margins. This network, comprised by around 17,000 full-time agents, has an exclusive agreement with the Generali Group for the sale of insurance solutions, and is able to effectively combine qualified consultancy, understanding the needs of customers at 360° and digital tools to enable interaction and remote policy subscription. In addition to DVAG, Generali Deutschland also enjoys leadership in the digital channel, where it operates with the CosmosDirekt brand.

Generali Deutschland therefore confirms its objective to become the leading insurance company in Germany in terms of profitable growth, return on capital and innovation, fully in-keeping with the 2021 pillars of Generali to consolidate the company's position as a Lifetime partner to its customers.

Also due to the boost to digitalisation, which was further accelerated by the need to respond to the consequences of the pandemic, innovation to enhance the quality of its customers' lives was central to Generali Deutschland's strategy in 2020. For example, the company announced VitalSigns&Care, an innovative app that enables users to independently monitor their vital parameters, including blood oxygenation, simply by using their smartphone camera, and to obtain personalised assistance services. With VitalSigns&Care, Generali Deutschland is placing attention on health prevention, the importance of which has been made even more evident by the pandemic.

Like the majority of advanced economies, in the second quarter, the German economy contracted due to the measures implemented to curb the pandemic. Even though the recovery enjoyed in the summer season exceeded expectations, the second wave that started in the autumn could result in another slowdown in the latter part of the year.

The various segments of the insurance sector reacted to the economic crisis in different ways. The Life segment reported a slowdown after the growth enjoyed in 2019: premium income in 2020, slightly down (-0.4%), was sustained by an increase in the savings rate, while the portfolio continues to see a shift from traditional products with guarantees to products linked to financial market trends, with positive effects on the solvency rate.

Property & Casualty insurance reported growth, with the exception of the motor third-party liability line, which was practically unchanged, but whose profit margins were sustained by the substantial restrictions on circulation, which led to a lower loss ratio. In the other lines, the impact of Covid-19 was less homogeneous, with an improvement of the loss ratio in those most linked to the economic cycle, and a worsening in others (due not only to Covid-19 but also to several exceptional weather events). Health insurance, in particular, showed a worsening of the loss ratio and of income prospects, while premium income is expected to grow at the satisfactory rates of previous years.

As regards the financial markets, the yield of the ten-year German Bund closed the year at -0.58% (-0.19% in 2019). In 2020, the DAX stock market earned 3.5%.

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Generali Deutschland was able to take important proactive decisions to manage the effects of the pandemic. Right from when the virus started to spread, the company made significant efforts to guarantee business continuity, the safety of its personnel and support to the community. An example of this was Covid Nothilfefond, a special fund to provide economic support to Generali Deutschland's customers that suffered the consequences of the restrictions and the lockdown. During the first peak of the pandemic, Generali Deutschland established this emergency fund to help the worst hit customers, and at the same time it took action to support its customers through, for example, special terms in the event of temporary payment difficulties, remote medical assistance, special legal consultancy and an extended customer service. Regarding special initiatives to face Covid-19 in the country, €16 million[17] were overall allocated.

The fund helped distributing surgical masks and medical equipment throughout Germany, in collaboration with Caritas Deutschland, and creating digital tools to provide support to small and medium enterprises, as well as disadvantage people that needed assistance or company.

17 € 11 million of which was financed by the Generali Group's International Fund.

NFS

Generali Deutschland's personnel also made an important contribution, by collecting € 750,000 to donate to those in difficulty through The Human Safety Net, Generali Group's programme to support local communities.
To alleviate the negative consequences of the pandemic, Generali Deutschland also set the following concrete actions in motion:

- assistance to healthcare institutions in Lombardy, which received 1,500 medical overalls and ventilators from Germany;
- the digitalisation of numerous projects to support communities by The Human Safety Net;
- inclusion of The Human Safety Net in wirhelfen.eu, an online platform that puts healthcare operators in contact with those in need;
- support of the online Heroes Against Loneliness platform to facilitate opportunities for neighbours to socialise;
- the online activation of the *Generali bewegt Deutschland* (Generali moves Germany) initiative, a fitness programme that encourages people to keep physically and mentally healthy, also when in quarantine.

LIFE PREMIUMS +1.1%	PVNBP +13.4%	NBV +14.8%	LIFE OR -8.4%
€ 10,638 mln	€ 10,867 mln	€ 298 mln	€ 372 mln

Life premiums were up 1.1%, despite the slowdown caused by the pandemic. The growth was above all due to the unit-linked line (+6.4%) in keeping with the Group's strategic initiatives. Note in particular the contribution of the recurring premium component, sustained by our exclusive network.
New business in terms of PVNBP showed good growth of 13.4%, affecting both the Life business (+13.6%) and the healthcare business (+11.8%). Both the present value of future annual premiums (+14.7%) and single premiums (+7.5%) were up. The business of all lines is increasing; in particular, protection products grew by 18.5%, savings and pension products by 16.9% and unit-linked products by 3.4%.
New business profitability (expressed as a percentage of the PVNBP) was 2.75%, slightly up compared to 2.73% in 2019, due to the improvement of the business mix, which favoured protection products.
New business value grew by 14.8% and amounted to € 298 million.

P&C PREMIUMS +0.2%	P&C OR +28.0%	CoR -3.6 pps
€ 3,780 mln	€ 592 mln	86,0%

The P&C segment volumes went up slightly (+0.2%), entirely driven by the non-motor business (+0.8%), which benefited from the positive trend mainly in the Global Corporate & Commercial lines. The motor business was slightly down (-0.3%), reflecting the effects of the pandemic, above all in the direct channel.
The combined ratio showed a considerable improvement (-3.6 pps), entirely attributable to the reduction in loss ratio, particularly that relating to the current year, which benefited both from the fall in frequency in the motor business following the lockdown and to the lower natural catastrophe claims (-0.9 pps). The contribution from prior years was down. The expense ratio was stable, with a greater weight of acquisition costs against a reduction of administrative costs.

FRANCE

GROSS WRITTEN PREMIUMS -4.6%

€ 12,659 mln

TOTAL OPERATING RESULT +7.8%

€ 861 mln

LIFE MARKET SHARE

5.1%

P&C MARKET SHARE

4.7%

A&H MARKET SHARE

7.5%

RANKING

8th (LIFE, 8th P&C, 5th A&H)

OUR PEOPLE -2.3%

6,659

Generali has been active in France since 1831 with one of the Group's first foreign branches. The operating structure was consolidated toward the mid-2000s, when the merger of the various brands forming the Group led to the creation of one of the country's largest insurance companies. Generali France operates with a multi-channel approach of agents, employed sales persons, brokers, financial advisors, banks, direct channels and affinity groups. The multiplicity of the distribution forms reflects the market segment served and the type of product sold, with focus always placed on the customer. Generali France boasts a leadership position in Life savings and pension products distributed through internet and for the so-called affluent customers, just as holds true in the market of supplementary pensions for self-employed workers. The presence of professionals, SMEs and personal risks in the segments is also significant.

Like in the main geographical areas where the Group operates, in France as well initiatives aimed for the most part at consolidating the bond of trust in customer relations through their lifetimes were taken in the perspective of strengthening the brand and the image throughout the country.
Furthermore, in 2019 the Group initiated a number of strategic initiatives in France as part of a project called Excellence2022 that envisages different streamlining and corporate business transformation actions over a three-year span.
The Covid-19 pandemic marked the course of 2020 and in France the level of exposure of insurance companies to the health crisis depended on the segment of operation. P&C companies benefited from the fall in the frequency of motor claims during the lockdown period, funding commercial initiatives and providing support to their customers. In the commercial lines, insurers had to confront issues such as business interruption, with possible effects on legal risks and potential repercussions in terms of return of image and customer relations.
In the Life segment, insurance companies were hard hit by the collapse of the financial markets due to the pandemic, which had negative repercussions on the investment result.

The Life insurance market felt the impact of the pandemic. According to the French trade association (FFA), Life net inflows at the end of 2020 were negative, standing at € -6.5 billion, against positive inflows of € 21.9 billion in 2019. While the traditional segment was particularly hard hit (-32.4% yoy), the unit-linked business has shown resilience so far (+2.4% yoy), reaching 34% of total contributions, up against 2019 (+28%).
With regard to the P&C segment, in 2020 the premiums of the motor line were stable, where an average increase of 0.4% was reported against 2019, while repair costs increased substantially (+6%), driven by the increase in spare parts and labour, which rose also due to the measures to respond to the pandemic. In this context, the restrictive measures led to a fall in motor claims and consequently, in the number of road accident victims. The renewal of vehicles in circulation, promoted by the increase in the demand for private transport due to public transport restrictions and to stricter anti-pollution standards, should drive the trend of premium income, together with an increase in repair costs in future years.
With regard to the financial markets, in 2020, the spread between OAT and Bund fell from 31 bps at year-end 2019 to 23 bps. The total return of the CAC 40 was -5%.

The strong pressure of public opinion on the French insurance sector to contribute to easing the effects of the crisis generated by the pandemic on the healthcare system and on the economy in general took the form of numerous actions, including in particular the FFA contribution to the French Solidarity Fund and donations to hospitals totalling € 26 million[18]. In addition, the insurance sector was asked to contribute to the national healthcare system with an extraordinary tax linked to Covid-19.

As part of The Human Safety Net France, numerous initiatives were implemented such as remote medical advice for families sustained by *The Human Safety Net For Families*, in collaboration with Europ Assistance, which became a sponsor of the foundation, and a new incubator for Sant-Denis as part of *The Human Safety Net For Refugees*.

18 € 10 million of which was financed by the Generali Group's International Fund.

NFS

Specific funds were distributed to several associations and organisations, including the United Nations High Commissioner for Refugees (UNHCR) to help the forcibly displaced persons in France and Mali, the Apprentis d'Auteuil network of associations, partner of The Human Safety Net, to provide face masks to their group homes throughout France and to the Intermèdes Robinson association, partner of The Human Safety Net, to purchase essential goods and IT equipment.
Donations were also collected through a new digital platform, and a scheme called a Supportive Christmas was launched, donating face masks and computers to partner associations of The Human Safety Net, by raising further funds through sponsors (associations and sales networks).

LIFE PREMIUMS -6.3%
€ 9,800 mln

PVNBP -10.0%
€ 9,472 mln

NBV +4.2%
€ 196 mln

LIFE OR -6.4%
€ 565 mln

Generali Vie continues with the transformation of its business model towards a well-balanced portfolio between savings and pension lines, unit-linked lines and protection lines, also thanks to regulated profit-sharing, linked to an incentive mechanism, if the unit-linked business should increase.
Life premiums[19] (-6.3% against 2019) reflected the decrease of traditional savings and pension policies (-36.5%), in accordance with the Group's strategic decision to reposition the portfolio, with the growth of both unit-linked insurance cover (+9.6%, thanks to the performance of new products), and the protection line (+32.9%, through the partnership with Klesia, one of the most important mutual insurance companies in France). In addition, the business mix continues to be optimised, thanks to the excellent sales performance of unit-linked products, that have reached a weight of 34% (29% in 2019).
With reference to new business, a fall in PVNBP (-10.0%) was reported, due to the reduction of single premiums (-11.6%, which represent that largest share of the business), while the present value of future annual premiums rose slightly (+1.6%).
The savings and pension products business fell substantially (-44.5%), while both protection products (+18.1%) and unit-linked products (+10.0%) enjoyed good growth.
The new business margin (expressed as a percentage of PVNBP) rose by 0.28 pps, increasing from 1.78% in 2019 to 2.06% in 2020, due to the positive effects of the improved business mix.
New business value amounted to € 196 million (+4.2%).

P&C PREMIUMS +1.7%
€ 2,860 mln

P&C OR +44.8%
€ 297 mln

CoR -4.1 pps
92.7%

Property & Casualty premiums rose by 1.7%, mainly driven by the non-motor line (+2.3%), thanks to the increase in multi-risk products and continuous boost from the accident & health sector (+7.1%), which benefited from the growth of commercial partnerships in the individual policies business. The motor line withstood the health crisis, reporting premiums up by 1.8% against the previous year.
The significant improvement of the combined ratio, which fell from 96.8% to 92.7%, is mainly due to the lower non-catastrophe current year loss ratio due to the fall in claims frequency in the motor line due to the periods of lockdown, and a lesser impact of natural catastrophe claims.

AUSTRIA, CEE & RUSSIA

GROSS WRITTEN PREMIUMS +1.9%
€ 6,982 mln

TOTAL OPERATING RESULT +4.7%
€ 916 mln

LIFE MARKET SHARE
AT: 14.9% HU: 9.9% PL: 4.2%
CZ: 22.6% SK: 9.5%

P&C MARKET SHARE
AT: 15.3% HU: 18.4% PL: 4.8%
CZ: 29.9% SK: 11.4%

RANKING
AT: 3rd HU: 2nd PL: 6th
CZ: 2nd SK: 3rd

OUR PEOPLE 0.0%
17,477

The ACEER regional structure is the fourth most important market for the Generali Group. The scope comprises 12 countries: Austria (At), Czech Republic (Cz), Poland (Pl), Hungary (Hu), Slovakia (Sk), Serbia, Montenegro, Romania, Slovenia, Bulgaria, Croatia and lastly Russia.

19 Gross written premiums.

The Group boasts its presence in the Eastern Europe territories since 1989 and over the years it has strengthened its position, becoming one of the largest insurance companies in the area:

- 2008: a joint venture collaboration with PPF Holding started, which then ended in 2015, the year in which the Generali Group acquired full control and powers over Generali CEE Holding;
- 2018: entry of Austria into the Region, where Generali has operated since 1832, and of Russia. In addition, Generali has strengthened its presence in Eastern Europe through two important acquisitions, Adriatic Slovenica in Slovenia and Concordia in Poland, enabling portfolios, sales channels and its operations in the area to be balanced and diversified. Lastly, it signed a collaboration agreement with Unicredit for the distribution of insurance solutions mainly concerning Credit Protection Insurance (CPI) in the entire Region;
- 2019: in line with the Group's strategy, the acquisition in Poland of Union Investment TFI S.A from the German group Union Asset Management Holding AG was completed and the agreement to acquire all Life, P&C and Mixed portfolios of three companies of ERGO International AG in Hungary and Slovakia was concluded;
- 2020: acquisition of SK Versicherung AG (founded in 1982 as a joint venture between a number of Austrian insurance companies) by Austria, signing an exclusive 5-year sales agreement with ÖAMTC (Austrian automobile, motorcycle and touring club). Furthermore, the Group completed the acquisition of the Izvor osiguranje portfolio in Croatia.

In 2020, the Austrian economy posted a contraction of around 7.8%: the income and employment support measures sustained households' buying power during the economic slowdown caused by the lockdown, at the same time worsening the public debt situation.
In line with the trend shown in previous years, the Austrian insurance market reported another fall in the Life segment, exacerbated by the economic scenario, but mitigated by the resilience of the savings rate. The P&C segment reported growth, even though there was a clear slowdown in the motor line, offset by the fall in the loss ratio due to restrictions on circulation, as well as in some industrial lines, where, in turn, claims were mitigated by the recession. Health insurance premiums rose to rates close to 4%. Covid-19 led to a fall in the amounts paid to policyholders due to a reduction in claims: this effect should in any event disappear in the short term.
The Czech Republic, one of Eastern Europe's most important markets, was most hit by the second wave of the pandemic. At the beginning of October, the Government declared a state of emergency and the rigid restrictive measures were resumed. The deterioration of the health situation undermined the recovery of the third quarter. In 2021, a net economy recovery is expected, thanks to both domestic and foreign demand, and to the support provided by fiscal and monetary measures. The Life insurance segment closed 2020 down by 1.4%, despite the sharp decrease in single premium policies (-19.7%). The P&C segment rose by 3.9%, due to the significant contribution of motor insurance, both MTPL and CASCO.

Czech GDP reported a fall of 5% in 2020, and the ten-year bond rate fell from 1.64% at year-end 2019 to 1.51%.
The ten-year bond rate in Austria showed a variation from -0.04% to -0.43%.

In the ACEER Region, the Generali Group showed strong business resilience in the face of the pandemic in both Life and P&C segments, confirming its ambition to become a Lifetime Partner to its customers and distributors through a series of initiatives launched in the Region to respond to the emergency. More specifically, it sought to meet customers' needs by guaranteeing the utmost flexibility in premium terms and payment methods, and in claims notification and management procedures (for example by implementing remote channels).
The Group also guaranteed a prompt response to the pandemic by successfully launching a health product to cover the consequences of Covid-19 in seven countries of the Region (the first operator to offer this cover in the Polish market).
With regard to its agents and distributors in the Region, the Group demonstrated its solidarity with the network:

- by setting up schemes to provide financial support through advance commissions and premium deposits in the Czech Republic and Austria;
- by renegotiating sales targets, for example in the Czech Republic, Hungary, Slovakia, Slovenia and Austria, to simplify reaching financial objectives and the associated bonuses;
- by guaranteeing greater flexibility in contractual terms, such as in Serbia.

As for the Extraordinary Fund for Covid-19 initiative set up by the Group, € 11 million were addressed across the various countries in the Region.
The emergency related to the pandemic was also the reason why the digital transformation of its existing processes in the Region was accelerated, which is enabling the foundations to be laid for further and solid future growth.

In 2020, The Human Safety Net helped the more disadvantaged brackets of society in 10 countries: Austria, Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Serbia, Slovakia and Slovenia.
8,500 vulnerable people have already been helped by The Human Safety Net programmes throughout the Region, working together with 11 non-governmental organisations. Two programmes were launched by companies in the area and were addressed to key social issues of interest to the community, including the creation of equal life opportunities for children that come from disadvantaged environments and saving newborns from the debilitating and potentially fatal consequences of asphyxiation.

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LIFE PREMIUMS +0.5%	PVNBP -1.7%	NBV -2.7%	LIFE OR -8.3%
€ 2,626 mln	€ 2,073 mln	€ 142 mln	€ 289 mln

The growth of Life premiums was due to the contribution of the unit-linked lines (+4.5%) and of protection products (+4.6%) in keeping with the Group's strategic initiatives. The fall in savings and pension premiums (-5.1%) was due both to the recurring premium component and to the single premium one. This trend is explained by the increase of premium income in Hungary (+7.1%, driven by unit-linked products), Poland (+5.6% related to the protection line) and Austria (+2% due to higher unit-linked and health insurance cover), partly counter-balanced by the contraction of volumes in Romania (fall of -20% in bancassurance), Croatia (-16.6% due to the continuous fall reported in the savings and pension line) and the Czech Republic (-2.4% due to the fall in new business relating to savings and pension products, in line with the market).

New business in terms of present value of new business premiums (PVNBP) fell by 1.7%, relating to both future annual premiums (-2.3%) and single premiums (-0.1%).

Business was practically stable in Austria (+0.7%), while in the CEE area, the increases posted in Poland (+9.9%) and Slovakia (+2.2%) did not offset the contraction observed in the other countries.

New business profitability (expressed as a percentage of PVNBP) fell slightly (-0.07 pps) to 6.86%, mainly because of the increased weight of the highly profitable protection products, which rose from 51% to 53% (specifically in Austria and Poland).

New business value amounted to € 142 million (-2.7%).

P&C PREMIUMS +2.8%	P&C OR +10.7%	CoR -3.3 pps
€ 4,356 mln	€ 624 mln	83.9%

P&C segment premiums grew by 2.8%, driven by the overall good performance of the main lines of business. The motor line, up by 4.2%, was sustained by the contributions of Slovakia (+14.1% due mainly to tariff adjustments in various lines), Hungary (+11.9%, by virtue of higher volumes reported mostly during the second half of the year), Poland (+8.0% thanks to the contribution of the casco lines), Austria (+3.5% thanks to the motor third-party liability lines) and the Czech Republic (+3.0% attributable to the retail, fleets and leasing lines). Non-motor lines rose by 1.9%, following higher volumes reported in Poland (+11.9% driven by the home, corporate business and assistance lines), Slovenia (+6.6%, thanks to the Health line) and Austria (+2.1% partly supported by the SME lines).

The combined ratio improved by -3.3 pps, thanks to the reduction in loss ratio due to a positive current year loss ratio (-2.8 pps, entirely attributable to the motor lines, sustained by the lower frequency due to the pandemic) and to lower natural catastrophe claims (-0.6 pps). The expense ratio improved (-0.4 pps).

INTERNATIONAL

Spain, Switzerland, Americas and Southern Europe, Asia

GROSS WRITTEN PREMIUMS +0.6%	TOTAL OPERATING RESULT -44.6%	OUR PEOPLE +2.6%
€ 9,081 mln	€ 370 mln	13,475

Spain

Generali, in Spain since 1834, operates in the country through Generali España, a wholly-owned subsidiary, and two bancassurance agreements with Cajamar (Life and P&C), which guarantee the Group exposure to the major Life distribution channel and continuous expansion in P&C.

Generali is one of the main insurance groups in Spain, with a market share reported in the third quarter of 2020 of 3.1% in the Life segment and 4.3% in the P&C segment. The Generali España group offers a wide range of Life and P&C policies dedicated to private individuals and companies, using a multi-channel distribution strategy including not only bank offices, but also a network of agents and brokers, which is among the most extensive in Spain. All in all, the Group ranks ninth in the Spanish insurance market in terms of total premiums (sixth place in the P&C market).

The Spanish economy was hard hit by the pandemic, reporting a decrease in GDP of 9.1% in 2020, caused mainly by the fall in domestic demand. With regard to the insurance market, the Life segment suffered the most, reporting a fall of 21%, driven by the savings/pension lines (-25%), while

traditional policies were able to limit the downturn, reporting a fall of less than 1%. Property & Casualty segments reported a slowdown, although a 1.1% increase was observed, sustained by the contribution of the property (+3%) and health (+5%) lines; the motor line was down (-2%), reflecting the collapse of vehicle registrations caused by the pandemic crisis, despite the incentive plans launched by the Government.
With regard to the financial markets, the IBEX 35 posted a total return of -12.7% in 2020. Spain's ten-year bond rate fell by 41 bps from 0.47% at year-end 2019 to 0.06%.

During 2020, numerous initiatives were launched with a view to mitigating the impact of Covid-19 on the community:
- social initiatives: creation of a € 10 million fund to provide support to SMEs in claims management and of a € 2 million fund to sustain the self-employed, guaranteeing them 3-months coverage of insurance policy costs. Furthermore, to support the families that participated in The Human Safety Net programme, the provision of essential food products was guaranteed through donations made directly by Generali Spain's employees;
- initiatives for customers: measures to extend the payment terms of insurance premiums, application of discounts and the launch of the new product called Generali Hospitalizacion Emergency, to cover the risk of infection from Covid-19 for SMEs and corporate customers with collective policies already in effect;
- initiatives for employees: free psychological assistance for employees and their families, reorganisation of working space to guarantee social distancing and allocation of laptops to all employees.

Life premiums fell by 21.0% against 2019, reflecting the decline in both savings and pension products (-32.3%), in line with the Group's strategy of redirecting the business mix towards products with lower capital absorption, and in unit-linked products (-35.5%), negatively affected by the Covid-19 crisis. Instead, premiums relating to protection policies rose, reporting an increase (+6.6%) that was far higher than the market average (-0.7%).
New business in terms of PVNBP was down by 23.7%, both in single premium products (-26.4%) and in annual premium products (-18.4%).
The decrease was reported in all lines of business, but was mainly driven by the sharp decline in savings and pension products (-45.0%, due to the closure of unprofitable products) and in unit-linked business (-37.0%). The protection business, although slightly down (-1.9%), increased its weight from 47% to 60%.
Thanks to the excellent profitability of the protection business (28.26%), the new business margin (expressed as a percentage of PVNBP) rose by 4.38 pps to 17.34%.
New business value amounted to € 118 million, up (+2.1%).
In the Property & Casualty segment, premiums rose by 3.7%, even though the Spain market was hard hit by the Covid-19 crisis (+1%). The contraction of the motor line (-2.1%) was more than offset by the increase in the non-motor line (+3.3%) mainly due to the increase of the portfolio in the multi-risk, health and funeral costs line.
The combined ratio stood at 93.4%: the slight increase (+0.2 pps) reflects the rise of the expense ratio and the greater impact of large man-made claims.

Switzerland

The Generali Group has been operating in Switzerland since 1987, where it has been able to consolidate its position through the acquisition and merger of several insurance companies. In line with the strategy defined by the Group, Generali focuses on the retail business and provides high quality and innovative services through various distribution channels: agents, brokers, financial promoters and direct channels.
Generali ranked as the market leader in terms of premium income in the individual unit-linked Life segment with a 30% market share, and was eighth in the P&C segment with a 4.4% market share. Generali does not operate in the Collective Life policies segment.
In 2020, Generali started a process of acceleration with a view to building reserves linked to guaranteed products in the Life segment, reflecting more conservative long-term financial assumptions. The above process will continue on into 2021, albeit to a lesser extent. In the last quarter of the year, a share capital increase of CHF 400 million was performed.

The Swiss economy suffered the consequences of the preventive measures relating to Covid-19 and, despite a growth of 7.2% in the third quarter, GDP was down by around 2% against the levels at the beginning of the year. As regards the insurance market, despite the complex economic scenario, P&C premiums reported a slight increase (+1.4%), while the profit margins of several lines (motor third-party liability, other third-party liability, industrial lines) showed the positive effects of a reduction of economic activity and of mobility. Accident & health insurance, in particular, which had recently increased due to the high and constant demand for supplementary insurance and to the increase in tariffs due to the continual increase of costs in the healthcare sector, reported an increase in both demand and in services. Due to the renewed vigour of precautionary saving, despite the fall in income, the decrease of premiums in the individual life segment was only 0.4%, where insurance products proved to be more attractive with respect to other fixed-income products.
With regard to the financial markets, the SMI closed the year up, with a total return of 4.4%. The return on the ten-year Swiss bond was practically unchanged, falling from -0.47% to -0.49%.

NFS

In 2020, Generali implemented numerous measures in Switzerland to support customers, employees and distributors with regard to the Covid-19 emergency. A number of important local schemes were set in motion to support the sales network by increasing their commission, and tenants, by reducing rental payments, for a total of around CHF 3 million.

Life premiums were down 2.1% following the slowdown in premium income from savings and pension products.
New business in terms of PVNBP stood at € 639 million, up 14.1% driven by both the increase in the present value of future annual premiums (+12.9%) and by single premiums (+33.1%).
Growth was observed in all lines of business, particularly in unit-linked products (+16.0%).
Overall, the new business margin (expressed as a percentage of the PVNBP) showed a good increase from 5.47% in 2019 to 6.75% in 2020, mainly due to the increase in the profitability of the unit-linked business.
New business value was up € 43 million (+40.9%).
P&C premiums rose 0.4% thanks to the positive trend of the motor business following the new tariffs implemented starting from the second half of 2018. Non-motor business was substantially stable.
The combined ratio stood at 91.5% (+1.0 pps), mainly due to the building of reserves in anticipation of regulatory requirements in the accident insurance business, only partly offset by the positive technical trend of the motor and health lines.

Americas and Southern Europe

Argentina, where Generali is ranked as the fifth largest operator in terms of premiums, is the main South American market for the Group and is characterised by a historically high rate of inflation and high volatility. Even though in 2020 the government reached an agreement with foreign creditors for bonds denominated in US dollars, the country's macroeconomic situation was hard hit by the Covd-19 emergency.
In this context, the Group implemented best practices, which enabled the Argentinian company to stand out in terms of service quality and innovation. The company Caja is the third largest player in the market in terms of premiums, excluding the business lines in which it does not operate (Workers Compensation and Annuities). During the pandemic, the company implemented numerous measures to support its main stakeholders: these ranged from motor insurance discounts for customers to donations to the Argentinian red cross and other entities operating in the medical sector.

Generali also operates in Brazil where, following an extended period of economic crisis and political instability, continues to show signs of improvement, bolstered by infrastructure investments and optimistic forecasts of the macroeconomic indicators: the insurance sector is characterised by significant potential for expansion and a higher level of penetration.
Nevertheless, Brazil was the worst hit country in South America by the pandemic, therefore a fund addressed to sustaining the income of employees was created. In this context, the Group is pursuing a strategy to reposition its Brazilian subsidiary in order to seize important B2B2C business opportunities, by divesting the motor line.
The Generali Group also operates in Chile, particularly in the pension funds system, and in Ecuador.

In Southern Europe, the Group has operations in Greece, where it ranks sixth with a market share in the third quarter of 2020 of 6.1%, and in Turkey, with a market share in the third quarter of 0.4%.
It is also present in Portugal since 1942, where it operates through two companies: Generali Vida Companhia de Seguros, which operates in the Life segment, and Generali Companhia de Seguros, active in the P&C segment.
On 8 January 2020, the Generali Group finalised the acquisition in Portugal of 100% of Seguradoras Unidas and of AdvanceCare, from entities whose majority shareholdings were held by investment funds belonging to Apollo Global Management.
The merger process of the insurance subsidiaries in Portugal was completed in October 2020, when the approvals required by the regulator were obtained. Seguradoras Unidas S.A. incorporated Generali Companhia de Seguros S.A. and Generali Vida Companhia de Seguros S.A. was renamed Generali Seguros, S.A.. This transaction enabled Generali to proceed quickly with the integration and the development of growth plans for the country.
Generali Seguros is currently the second largest player in the P&C market in Portugal, with a market share of around 18.5% in the P&C segment and 2.5% in the Life segment, offering a wide range of policies addressed to individuals and businesses, sold mainly under the brand name Tranquilidade, and adopting a multi-channel distribution strategy, which can count on a solid network of agents (around 70% of total GWP), brokers and a direct channel (through the Logo brand).
In the context of the Covid-19 pandemic, Portugal used € 2 million of the Generali Group's International Fund both to make donations of medical supplies to support the healthcare system and the more disadvantaged brackets of the population, and to create ad hoc policies for healthcare workers with specific covers linked to the pandemic.

Life volumes showed a growth of 9.3% compared to 2019, thanks to the positive performance of Argentina, Brazil and Greece, which offset the fall reported by the former Generali Portugal. Seguradorsa Unidas contributed € 50 million in premiums to Portugal's overall volumes.
New business in terms of PVNBP was down (-3.3%) with a profitability of new business (expressed as a percentage of PVNBP) that came to 3.05%.

New business value amounted to € 10 million.
Property & Casualty premiums were up by 5.5%, mostly thanks to Argentina (+27%), mainly due to the introduction of more competitive tariffs, which enabled it to increase its premium volume, despite the crisis generated by Covid-19, this growth more than offset the fall of volumes in Brazil linked to the run-off of the motor business. Lastly, Seguradoras Unidas contributed € 860 million to Portugal's P&C premiums.
The Region's combined ratio improved (96.8%; -10.6 pps) against the previous year, mainly due to the favourable trend of the CoR in Argentina and Portugal, which benefited from the fall in claims frequency following the lockdown. This increase partly offset the decline reported by Brazil due to the deterioration of the motor business, now in run-off.

Asia

Generali is one of the key European insurers in the Asian market, and currently operates in eight territories. The predominant segment is Life, with premium income mostly concentrated in the savings, pension and protection lines and, to a lesser extent, in the unit-linked lines. Generali offers its products in the entire Region adopting a distribution strategy that includes agents, brokers, digital channels and agreements with banking groups. Generali operates in China with Generali China Life, in partnership with China National Petroleum Corporation (CNPC), which is one of the largest Chinese state-owned companies as well as one of the major energy groups in the world. Generali has a joint venture agreement with CNPC for the P&C products offer as well. Owing to its prominent presence in the Chinese market, Generali China Life is the leading contributor to the turnover and operating result of the entire Region.
Generali operates as Life insurer also in India, the Philippines, Indonesia, Thailand and Vietnam, and as P&C insurer in Thailand, Hong Kong, India and Malaysia. In India and Malaysia, Generali operates through joint venture agreements with Future Group and MPHB Capital Berhad respectively. The companies China P&C, India Life, India P&C and in Malaysia are not fully consolidated since a non-controlling interest is held. Generali has been operating in the Hong Kong market since 1980, offering both Life and P&C products. Hong Kong is also the location of the regional office (Generali Asia Regional Office), which coordinates all activities in the Region.

During 2020, the Asian nations launched numerous initiatives with a view to mitigating the impact of Covid-19. As regards customers, particularly in Indonesia, the Philippines and Thailand, additional benefits were guaranteed and medical services were improved. As regards distributors, income incentives were given, and further investments were made to speed up the digitalisation processes relating to the recruitment and training of the sales force.

NFS

Life premiums rose by 3.9%, particularly thanks to the growth posted in China and Vietnam.
New business in terms of PVNBP was up (+9.1%). The increase in the present value of future annual premiums (+27.3%) offset the fall in single premiums (-19.8%).
Significant increases were reported in both China (+15.0%, driven by savings and pension products), Vietnam (35.3%) and Thailand (+13.9%), thanks to unit-linked products, which more than offset the fall observed in the other Asian countries the Group operates in. The protection products business was stable (+0.2%).
The profitability of the new business (expressed as a percentage of the PVNBP) observed a slight increase from 5.19% in 2019 to 5.77% in 2020, driven by the good performance of China (+0.6 pps, thanks to savings and pension products which reported an increase of 1.2 pps) and by the considerable rise in profitability in Vietnam (+5.9 pps, thanks the excellent business of Universal Life sold to replace the low-profitability savings and pension products).
In the P&C segment, premiums showed an increase of 2.3%, despite the negative effects of the Covid-19 crisis.
The combined ratio improved in Thailand and Hong Kong, which resulted in a positive result for the combined ratio of the entire Region, falling from 108.4% in 2019 to 100.0% in 2020.

INVESTMENTS, ASSET & WEALTH MANAGEMENT

TOTAL OPERATING RESULT +19.6%	COST/INCOME RATIO	OUR PEOPLE +0.7%
€ 821 mln	48%	2,203

In continuity with the Group strategy announced in 2017, the Investments, Asset & Wealth Management business unit is the Group's main managerial entity operating in the area of investments, asset management and financial planning consultancy. In a continuously evolving market in which specialisation, efficiency and innovation are key elements in order to compete, Generali intends to become a benchmark in the asset management market not only for the insurance companies of the Generali Group, but also for third-party customers.

Efforts to achieve this target will continue for the entire duration of the three-year plan in order to:
- exploit cross-selling opportunities, by promoting the growth of a capital-light business, such as the services of LDI (Liability Driven Investments) Solutions, which seek to offer institutional customers the expertise developed in investment management;
- expand the multi-boutique platform in order to increase the range of products and services for all customers. Multi-boutiques are companies acquired on the market or created in partnership with operators with acknowledged investment skills in highly specialised asset classes, both asset and alternative asset management.

The boutiques operating in the Investments, Asset & Wealth Management business unit are:
- Generali Global Infrastructure (GGI), a platform that employs internal know-how and also creates partnerships to invest in infrastructure debt across a wide geographical and sectorial investment scope;
- Aperture Investors, an innovative asset management company based on a revenue model that is radically different from that present on the market;
- Lumyhna, a leading company in developing alternative UCITS (Undertakings for the Collective Investment of Transferable Securities) strategies, with an important international clientele that positively contributes to increasing Generali's offer and distribution capacities to clients and distribution partners;
- Sycomore Factory SAS, a benchmark in ESG/SRI investment solutions in France;
- KD Skladi in Slovenia, acquired through Adriatic Slovenica and Union Investments TFI S.A. in Poland (later renamed Union Generali TFI), the sixth largest asset management operator in Poland;
- Axis Retail Partners, which is an advisory boutique active in real estate, focusing on shopping centre investments;
- Plenisfer Investments SGR, previously called ThreeSixty Investments SGR, Generali's first Italian boutique announced in April 2019, which offers an innovative and integrated approach for a wide range of asset classes.

The business unit operates in the three areas indicated by their names:
- Investment Management: implementation of the Asset Liability Management (ALM) and Strategic Asset Allocation (SAA) models on behalf of the Group Insurance Companies;
- Asset Management: asset management for the most part addressed to insurance customers, with its customer base expanded to comprise external customers, both institutional (such as pension funds and foundations) and retail;
- Wealth Management: financial planning and asset protection for customers through a network of consultants at the top of the sector in terms of skills and professionalism, mainly through Banca Generali, a leading private bank in Italy.

www.generali.com/who-we-are/global-positioning/investments-asset-and-wealth-management for more information on the breakdown of the segment

The operating result of the Investments, Asset & Wealth Management business unit, including also the AM result of CEE countries, grew by 20.1%, rising from € 711 million in 2019 to € 853 million in 2020.
This increase was mainly driven by Asset Management, which increased its operating result by 28.5%, rising from € 425 million in 2019 to € 546 million in 2020.
In this context, the contribution in terms of operating result provided by Wealth Management was € 353 million, up by about 7.9% compared to the operating result for 2019 of € 327 million.

GROUP HOLDINGS AND OTHER COMPANIES

This node includes the Parent Company's management and coordination activities, including Group reinsurance, Other companies as well as other financial holding companies and suppliers of international services not included in the previous geographical areas.
The main entities of Other companies in this area are:
- Europ Assistance, falling within the scope of responsibility of the Country Manager France & Europ Assistance;
- Generali Global Business Lines (GBL) which, falling within the scope of responsibility of the Country Manager & CEO of Generali Country Italia and Global Business Lines, support companies of global reach with a complete insurance offer. The GBLs include two units: Generali Global Corporate & Commercial and Generali Employees Benefits, which offer medium to large companies flexible and smart insurance services and solution in the Life and P&C segments, health protection and pension plans for local and global employees of multinational.

Europ Assistance (EA)

Established in 1963, EA, which falls within the scope of responsibility of the Country Manager France, is one of the leading global brands in the field of private assistance. Today it is present in over 200 countries and territories, supported by its 41 assistance centres and its network of 750 partner suppliers. EA offers insurance coverage and assistance in the travel sector, the automotive area with road-side assistance, and personalised coverage for assisting the elderly, cyber-security, and medical and concierge services.
In 2020, the EA Group's total turnover came to € 1.6 billion, down by around 16% compared to the previous year due to the pandemic. The travel insurance line, one of EA's main growth drivers in recent years, was particularly hard hit by Covid-19. In fact, an initial cancellation of trips was observed, which impacted claims, followed by an increase in premium surrenders (and the issue of vouchers) for trips that were not taken during the lockdown periods, in a scenario of a sharp downturn for the industry with lower sales for the year. Despite the fall in volumes, EA was able to manage the fall in profits, above all thanks to its business and geographic diversification, to the reduction in claims frequency in the motor line, to cost cutting, and to the activation of reinsurance cover for claims linked to Covid-19 succeeding in handing the crisis more effectively than its competitors.
Loyal to its mission of helping people in difficulty and its spirit as a caring company, EA actively contributed with numerous initiatives to address the Covid-19 emergency in 2020, allocating € 2 million of the Generali Group's International Fund.

EA continues to pursue a growth strategy focused on strengthening its leadership position in the travel sector, at the same time expanding and diversifying its range of motor and personal assistance products: the goal is to reach € 2.4 billion in revenues by 2023. To this end, in addition to organic growth, the Europ Assistance Group has also made a series of acquisitions in various business sectors. Following the acquisition of TripMate in 2019, a US company that operates in the travel insurance sector, in 2020, EA further extended its scope to include ERV Austria (also in the travel sector), and Advance Care, a Portuguese services company that operates in the healthcare sector. Furthermore, an important joint venture agreement was signed in France with the Crédit Agricole Group, which will guarantee a substantial increase in volumes and a strong position in the French assistance market.

GROSS WRITTEN PREMIUMS GBL **+0.0%**

€ 3,812 mln

Global Corporate and Commercial (GC&C)

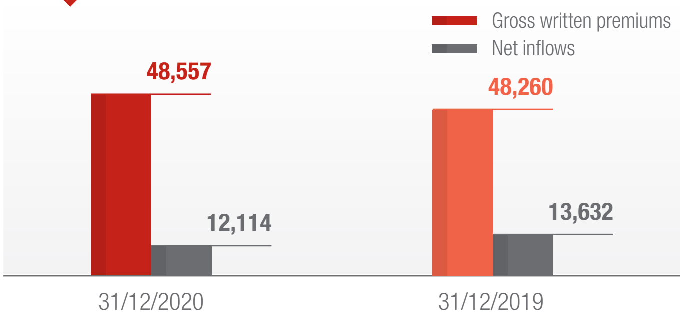
GC&C provides insurance solutions and P&C services to medium-large companies and intermediaries in over 160 countries worldwide. Backed by its solid global experience and knowledge of the local markets and of the corporate sector, integrated solutions that can be personalised in properties, casualty, engineering, marine, aviation, cyber and speciality risks are provided. Furthermore, GC&C guarantees companies the same level of assistance and protection all over the world through its experts in Multinational Programs, Claims and Loss Prevention. GC&C's total premium volumes were € 2.2 billion in 2020.
The year's performance was positive, although it was influenced by several large claims in the property. From a technical perspective, in 2020 GC&C continued to pursue a policy to develop Multinational Programs, Parametric Products, Cyber risk and Financial Lines, focusing on and balancing the portfolio globally in the medium-large companies segment, in a market characterized by strong competition especially in the property, casualty and engineering businesses.

Generali Employee Benefits (GEB)

GEB is an integrated network, which operates through the Luxembourg branch of Assicurazioni Generali, and provides services to employees of multinational companies consisting of protection, Life and health coverage, and pension plans for both local and expat employees. Located in over 100 countries and with more than 400 coordinated multinational programmes (around 40 of which are captive), GEB is the current market leader for multinational companies with premium volumes of € 1.5 billion.

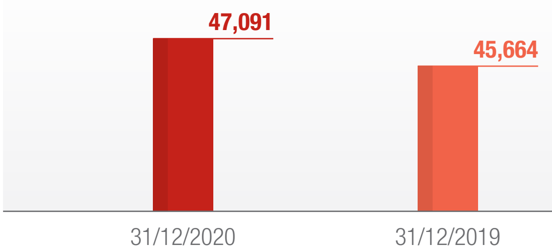
LIFE SEGMENT

GROSS WRITTEN PREMIUMS AND NET INFLOWS (€ mln)



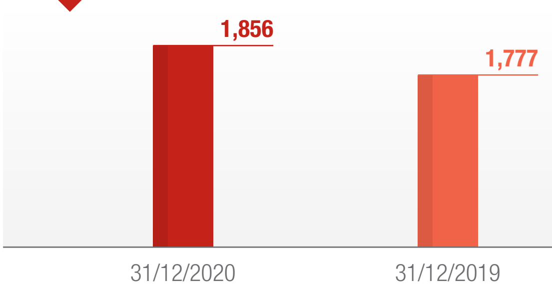
Life net inflows were confirmed at very good levels, totalling € 12.1 billion (-10.5%). Life technical reserves increased to € 385 billion (+4.2%). Gross written premiums increased to € 48.6 billion thanks to the growth of the unit-linked and protection lines.

PVNBP (€ mln)



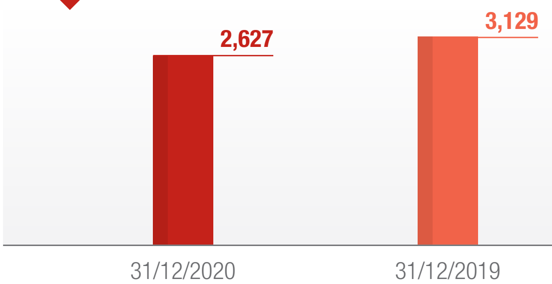
PVNBP rose by 3.3% with new business margin at 3.94%.

NBV (€ mln)



New business value increased by 4.9%.

OPERATING RESULT (€ mln)



Operating result at € 2,627 million (-16.1%) following the fall of the investment result and of provisions for guarantees to policyholders in Switzerland.

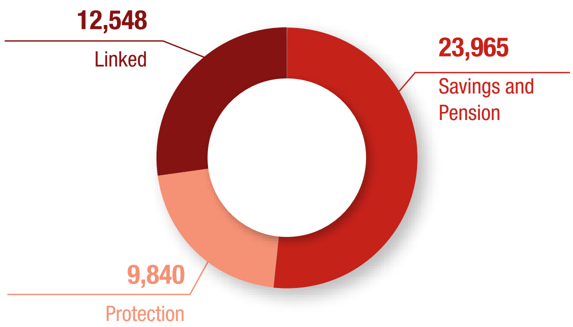
PERFORMANCE OF THE LIFE SEGMENT

Premium and new business development

Premiums in the Life segment rose to € 48,557 million (+0.8%).
With regard to the business lines, the trend observed over the course of the year continued, which showed increase of the unit-linked line (+21.7%), attributable to the Group's main areas of operation (Italy: +58.0%, France: +9.6%, Germany: +6.4% and ACEER: +4.5%). The rise in accepted business also contributed to this performance (+59.0%), driven by a partnership in France in the protection and health cover business. The premiums resulting from protection policies rose by 1.6%: the widespread increase in countries in which the Group operates offset the fall observed in Germany and the decrease in the Employee Benefits line.
Excluding the written premiums of the collective Life pension fund in Italy[21] amounting to around € 1.5 billion, the Group's gross written premiums would have been down by 2.4%; the increase of unit-linked policies would have been confirmed (+7.1%), although with a lower change.

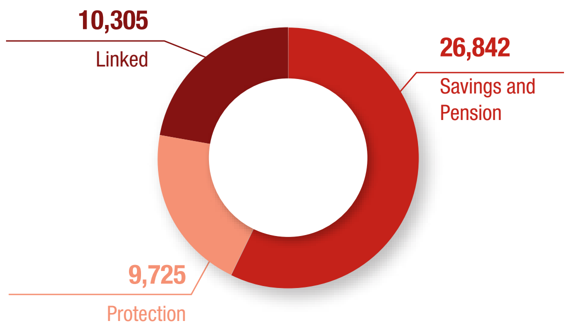
Gross direct premiums by line of business December 2020

€ mln



Gross direct premiums by line of business December 2019

€ mln

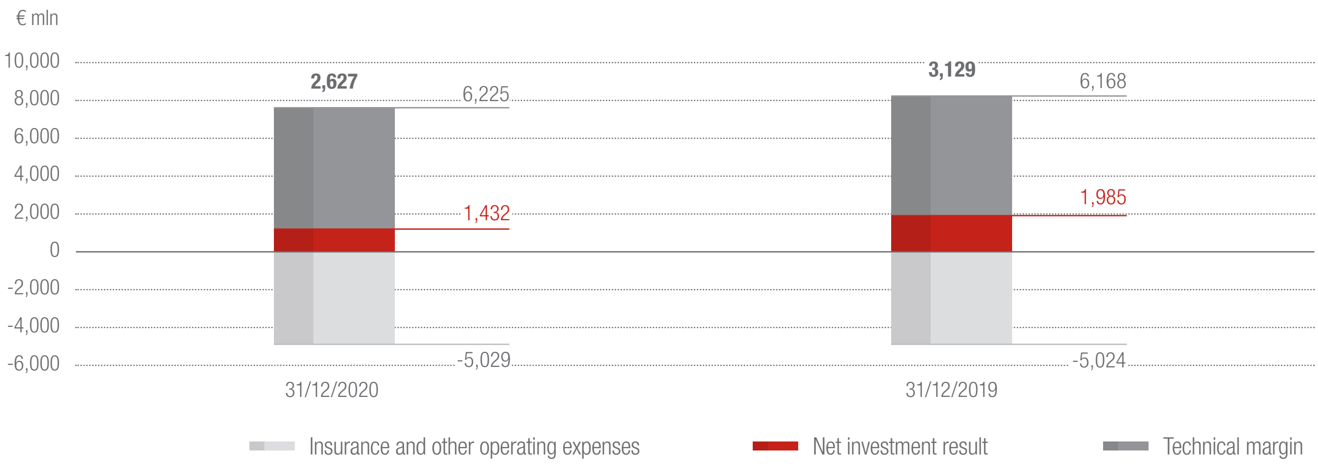


Net inflows - premiums collected, net of claims and surrenders - were € 12,114 million, and continued to report very good performance. Of the Group total, 93% of the above inflows were represented by the unit-linked (€ 7.1 billion) and protection (€ 4.2 billion) lines.
The decrease was mainly due to the trend in the savings and pension line in France, which showed a reduction in premiums and higher surrenders, in line with the Group's portfolio repositioning strategy. Instead, positive performance was observed in Italy (+12.8%), thanks to the Cometa Fund, Germany (+3.0%) and Asia (+13.3%), which resumed growth in the last quarter, which was particularly favourable due to the launch of a new pension product in October.
Excluding the growth in Italy resulting from the premium component mentioned above, the decrease in total net inflows would have been 21.5%.

The new business (in terms of the present value of new business premiums - PVNBP) amounted to € 47,091 million, showing an increase of 3.3%. The increase was driven by Germany (+13.4%), which made a good contribution in all lines of business, and by Italy (+6.4%) due to the one-off effect of the Cometa Fund on the unit-linked line, which was able to offset the lower volumes recorded mainly in France (-10.0%) linked to the fall in the traditional savings business. Specifically, protection products performed well (+13.7%) in all the countries where the Group operates. Excluding the premiums of the above-mentioned Italian collective pension fund, new business would have been down by 2.6%.
Despite the current financial scenario, characterised by very low interest rates, lower than those of 2019, the profitability of new business (margin on PVNBP) recorded a slight increase (+0.06 pps) reaching 3.94%, due to the rebalancing of the business mix towards more profitable lines of business, and to the continuous remodulation of financial guarantees on savings and pension products. Excluding the Cometa Fund, the profitability would have stood at 4.08% (+0.19 pps).
The total new business value (NBV) increased by 4.9% and stood at € 1,856 million (€ 1,777 million at 31 December 2019). Excluding the Cometa Fund, NBV would have been € 1,811 million.

21 In June 2020, Generali Italia was awarded the management mandate for two investment segments of Cometa, the National Supplementary Pension Fund for employees in the engineering, system installation and similar industries and for employees in the gold and silver industries.

Operating result



The operating result of the Life segment stood at € 2,627 million, down 16.1% compared to € 3,129 million at the close of 2019. The good performance of the technical margin, net of insurance expenses, was more than offset by the decrease in the net investment result, due to the negative impact of the financial markets, particularly in the first half of the year - also from the impact of Covid-19 - and, to a greater extent, to the continued acceleration of provisions for guarantees to policyholders in Switzerland, reflecting more conservative long-term financial assumptions. The operating return on investments[22], calculated on the higher value of investments following market performance, stood at 0.63% (0.79% at 31 December 2019).

TECHNICAL MARGIN

Life segment operating result: technical margin

(€ million)	31/12/2020	31/12/2019	Variazione
Technical margin	**6,225**	**6,168**	**0.9%**
Loadings	3,487	3,376	3.3%
Technical result and other components	1,318	1,441	-8.6%
Unit/index-linked fees	1,420	1,351	5.1%

The technical margin[23] amounted to € 6.225 million (+0.9%), reflecting a more favourable business mix leaning towards unit-linked and protection products.

This margin did not include the insurance operating expenses, which were reported under the item Insurance and other operating expenses.

22 Please refer to Glossary for details on the calculation of this indicator.
23 Please refer to the chapter *Methodological notes on alternative performance measures* for details on the calculation of this indicator.

NET INVESTMENT RESULT

Life segment operating result: investment result

(€ million)	31/12/2020	31/12/2019	Change
Net investment result	**1,432**	**1,985**	**-27.9%**
Operating income from investments	10,842	19,778	-45.2%
Net income from investments	9,348	9,791	-4.5%
Current income from investments	9,070	9,514	-4.7%
Net operating realized gains on investments	1,896	1,584	19.7%
Net operating impairment losses on investments	-557	-318	74.9%
Other operating net financial expenses	-1,061	-988	7.4%
Net income from financial instruments at fair value through profit or loss	1,495	9,986	-85.0%
Net income from financial instruments related to unit and index-linked policies	1,615	9,748	-83.4%
Net other income from financial instruments at fair value through profit or loss	-121	238	n.m.
Policyholders' interests on operating income from own investments	-9,411	-17,793	-47.1%

The net investment result, amounting to € 1,432 million, was down 27.9% from the € 1,985 million at 31 December 2019.

This performance was due in particular to the decrease of net income from financial assets and liabilities related to unit and index-linked policies, caused by the performance of the financial markets relating to the Covid-19 crisis. In particular:

- current income from investments, which also included the current income from investments at fair value through profit or loss, was down at € 9,070 million (€ 9,514 million at 31 December 2019), while the related profitability, calculated based on the book value of the investments, was down to 2.62%;
- net operating realized gains on investments stood at € 1,896 million (€ 1,584 million at 31 December 2019), supported by bond investments, while those on real estate investments fell. Other investments observed an increase tied to derivative transactions;
- net operating impairments on investments went from € -318 million at 31 December 2019 to € -557 million. This trend mainly reflected the higher impairments on equities due to market performance;
- other operating net financial expenses, which include the interest expense on liabilities linked to the operating activities and the investment management expenses rose to € -1.061 million (€ -988 million at 31 December 2019).

Net income from financial assets and liabilities related to unit-linked and index-linked policies fell from € 9,748 million at 31 December 2019 to € 1,615 million. This change was caused by market performance also due to Covid-19.

The policyholders' interests on operating income from own investments rose from € -17,793 million at 31 December 2019 to € -9,411 million, mainly due to the related decrease in income from financial instruments at fair value through profit or loss related to linked policies.

OPERATIVE INSURANCE AND OTHER OPERATING EXPENSES

Life segment operating result: total insurance and other operating expenses

(€ million)	31/12/2020	31/12/2019	Change
Insurance and other operating expenses	**-5,029**	**-5,024**	**0.1%**
Acquisition and administration costs related to insurance business	-4,845	-4,838	0.2%
Net other operating expenses	-184	-186	-1.1%

The insurance and other operating expenses were substantially stable at € -5,029 million (€ -5,024 million at 31 December 2019).

In particular, insurance operating expenses amounted to € -4,845 million (+0.2%). The slight increase in acquisition costs, which reported € -3,939 million (+0.9%), reflected the higher commissions on new business in Germany, particularly in the broker channels and exclusive network DVAG, and in France due to the increase of costs relating to the protection and health lines, and were substantially offset by the fall in administration costs, which were € -906 million (-3.0%), in almost all countries in which the Group operates.

The ratio of the acquisition and administration costs to premiums stood at 10.3% (10.2% at 31 December 2019), reflecting the slight increase in the acquisition component observed in France and Germany, following the above-cited higher commissions, and Spain, due to the fall in premiums after a reorganization of the portfolio. The ratio of the total administration costs related to insurance business to the average technical provisions was down at 0.24%.

The net other operating expenses[24] were substantially stable at € -184 million (€ -186 million at 31 December 2019).

24 This item also included the brand royalties paid by the companies in this segment to the Parent Company for global marketing and branding activities.

Non-operating result

The non-operating result of the Life segment went from € -342 million at 31 December 2019 to € -624 million: the non-operating investment result was down, reflecting higher impairment losses, which rose to € -272 million (€ -138 million at 31 December 2019).
Other net non-operating expenses rose from € -190 million to € -329 million at 31 December 2020, mainly due to the increase in other non-operating expenses. The latter rose above all due to the mandatory extraordinary contribution to the national healthcare system in France requested of the insurance sector and other local initiatives in the main countries of operation implemented to respond to the Covid-19 emergency. Other net non-operating expenses also included € -59 million relating to the amortization of the value of the portfolios acquired (€ -62 million at 31 December 2019).

Other information on the Life segment

Life segment operating result and non operating result

(€ million)	31/12/2020	31/12/2019	Change
Life segment operating result	**2,627**	**3,129**	**-16.1%**
Net premiums	43,582	45,898	-5.0%
Net insurance benefits and claims	-47,291	-58,009	-18.5%
of which change in the provisions for unit and index-linked policies	-5,175	-11,852	-56.3%
Acquisition and administration costs	-4,837	-4,833	0.1%
Acquisition and administration costs related to insurance business	-4,836	-4,827	0.1%
Other acquisition and administration costs	-1	-6	-85.9%
Net fee and commission income and net income from financial service activities	51	26	95.2%
Net operating income from financial instruments at fair value through profit or loss	1,692	10,218	-83.4%
of which net income from financial assets and liabilities related to unit and index-linked policies	1,615	9,748	-83.4%
Net operating income from other financial instruments	9,151	9,559	-4.3%
Interest income and other income	8,873	9,281	-4.4%
Net operating realized gains on other financial instruments and land and buildings (investment properties)	1,896	1,584	19.7%
Net operating impairment losses on other financial instruments and land and buildings (investment properties)	-557	-318	74.9%
Interest expense on liabilities linked to operating activities	-165	-204	-19.4%
Other expenses from other financial instruments and land and buildings (investment properties)	-897	-784	14.4%
Net other operating expenses (*)	280	271	3.6%
Life segment non-operating result	**-624**	**-342**	**82.3%**
Net non-operating income from other financial instruments	-294	-152	93.8%
Net non-operating realized gains on other financial instruments and land and buildings (investment properties)	12	-12	n.m.
Net non-operating impairment losses on other financial instruments and land and buildings (investment properties)	-306	-139	n.m.
Net other non-operating expenses	-329	-190	73.2%
Life segment earnings before taxes	**2,003**	**2,787**	**-28.1%**

(*) At 31 December 2020 the amount is net of operating taxes for € 15 million and non-recurring taxes shared with the policyholders in Germany for € -46 million (at 31 December 2019 for € 52 million and € -27 million, respectively).

Life segment indicators by country

(€ million)	Gross written premiums		Net inflows		PVNBP (*)	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Italy	19,636	18,635	6,846	6,070	20,754	19,510
France	9,800	10,463	-90	2,097	9,472	10,525
Germany	10,638	10,523	3,446	3,344	10,867	9,587
Austria, CEE & Russia	2,626	2,657	176	254	2,073	2,146
International	4,892	4,974	1,726	1,820	3,925	3,895
Spain	671	849	-124	-28	679	890
Switzerland	1,045	1,026	315	385	639	546
Americas and Southern Europe	368	344	97	170	313	274
Asia	2,808	2,755	1,439	1,293	2,154	2,054
Group holdings and other companies	966	1,007	10	48	-	-
Total	**48,557**	**48,260**	**12,114**	**13,632**	**47,091**	**45,664**

(*) PVNBP data are presented on historical basis, they include possible assets under disposal and do not isolate the contribution of companies in Group holdings and other companies.

(€ million)	Operating result		NBV (**)	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Italy	1,371	1,335	926	920
France	565	603	196	188
Germany	372	406	298	261
Austria, CEE & Russia	289	315	142	150
International	79	420	294	259
Spain	142	151	118	115
Switzerland	-289	91	43	30
Americas and Southern Europe	34	38	10	6
Asia	192	140	124	107
Group holdings and other companies (*)	-48	50	-	-
Total	**2,627**	**3,129**	**1,856**	**1,777**

(*) The data relating to Operating result also include country adjustments.

(**) NBV data are presented on historical basis, they include possible assets under disposal and do not isolate the contribution of companies in Group holdings and other companies.

Life segment direct premiums by line of business and by country

(€ million)	Savings and Pension		Protection		Unit-linked		Total	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Italy	14,249	15,132	417	358	4,970	3,146	19,636	18,635
France	3,083	4,856	2,066	2,051	3,331	3,038	8,481	9,946
Germany	3,244	3,238	4,738	4,799	2,598	2,441	10,580	10,478
Austria, CEE & Russia	1,080	1,156	893	865	650	636	2,623	2,657
International	2,307	2,461	1,601	1,499	967	998	4,876	4,958
Spain	309	456	275	258	87	135	671	849
Switzerland	176	181	133	133	735	712	1,044	1,025
Americas and Southern Europe	74	91	290	250	5	3	368	344
Asia (*)	1,749	1,732	903	858	141	148	2,793	2,739
Group holdings and other companies	0	0	125	152	33	46	157	198
Total	**23,965**	**26,842**	**9,840**	**9,725**	**12,548**	**10,305**	**46,352**	**46,873**

FINANCIAL POSITION OF THE LIFE SEGMENT

Investments

Life segment investments

(€ million)	31/12/2020	Impact (%)	31/12/2019	Impact (%)
Equity instruments	13,993	3.9%	17,118	5.1%
Fixed income instruments	312,003	87.1%	293,618	87.2%
Bonds	275,454	76.9%	260,940	77.5%
Other fixed income instruments	36,549	10.2%	32,678	9.7%
Land and buildings (investment properties)	9,789	2.7%	9,169	2.7%
Other investments	12,189	3.4%	8,234	2.4%
Investments in subsidiaries, associated companies and joint ventures	9,804	2.7%	6,483	1.9%
Derivatives	334	0.1%	403	0.1%
Other investments	2,051	0.6%	1,347	0.4%
Cash and cash equivalents	10,389	2.9%	8,455	2.5%
General accounts investments	**358,363**	**100.0%**	**336,595**	**100.0%**
Investment back to unit and index-linked policies	84,914	23.7%	78,475	23.3%
Total investments	**443,276**		**415,069**	

At 31 December 2020, total investments in the Life segment showed a considerable increase of 6.8% over 31 December 2019 and amounted to € 443,276 million. The Group's investments amounted to € 358,363 million (+6.5%), while the investments back to unit/index-linked policies amounted to € 84,914 million (+8.21%).

The exposure in absolute terms to fixed income instruments increased, standing at € 312,003 million (€ 293,618 million at 31 December 2019), with a stable weight to total (from 87.2% to 87.1%). The exposure to equity instruments decreased, with an exposure of € 13,993 million (€ 17,118 million at 31 December 2019). The Group's investment properties slightly rose to € 9,789 million (€ 9,169 million at 31 December 2019). Lastly, cash and other cash equivalents increased both in absolute terms and in relative terms, and stood at 2.9% (2.5% at 31 December 2019).

With reference to the bond portfolio breakdown, the exposure to government bonds increased, standing at € 173,543 million (€ 157,262 million at 31 December 2019), with a weight to bond portfolio equal to 55.6% (53.6% at 31 December 2019). The change during the period was mostly due to the increase in value of the bonds in the portfolio, together with the effect of the purchases made during the period. Corporate bonds instead decreased to € 101,911 million (€ 103,678 million at 31 December 2019), with a relative weight of 32.7% (35.3% at 31 December 2019). This performance is mainly due to investment decisions.

The average duration of the bond portfolio was 10.7 (8.9 at 31 December 2019), in line with the Group's ALM strategy.

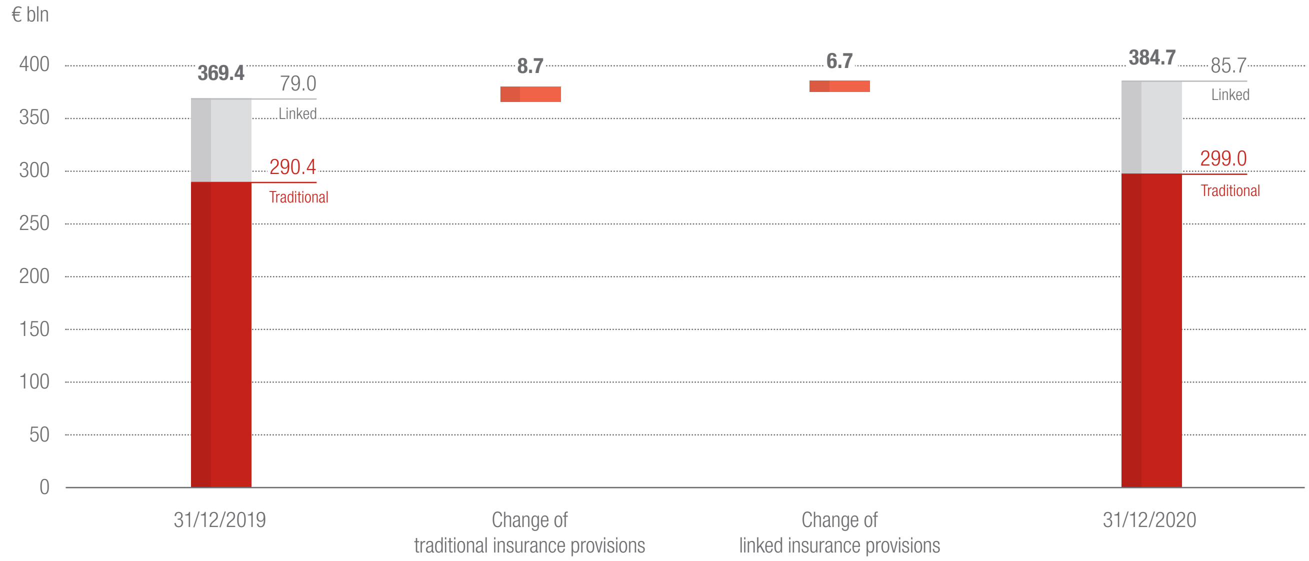
Life segment return on investments

	31/12/2020	31/12/2019
Current return (*)	2,7%	2.9%
Harvesting rate	0.3%	0.4%
P&L return	2.7%	3.2%

(*) Net of depreciations.

The net current return on investments in the Life segment posted a decline, falling from 2.9% at 31 December 2019 to 2.7%, with the related current income increasing slightly to € 9,077 million (€ 9,509 million at 31 December 2019).
The contribution to the result of the period from the harvesting transactions posted a slight decrease, standing at 0.3% (0.4% at 31 December 2019), due to higher impairments and lower unrealized gains on instruments held at fair value through profit or loss.

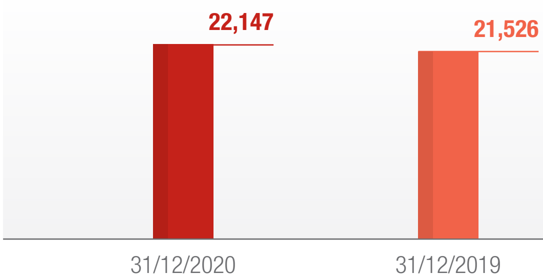
Life segment insurance provisions



Life technical provisions and financial liabilities - excluding deferred liabilities to policyholders - amounted to € 384,729 million. The increase stood at 4.2% and reflected the increase in both the provisions relating to the traditional business (+3.0%) and those regarding the unit-linked portfolio (+8.5%). The positive effect of the net inflows was added to the positive performance of the financial markets, which recovered in the last quarter of the year and contributed to the rise in unit-linked provisions.
The deferred liabilities to policyholders stood at € 33,833 million (€ 26,254 million at 31 December 2019), reflecting the change in the value of investments, particularly in government bonds.

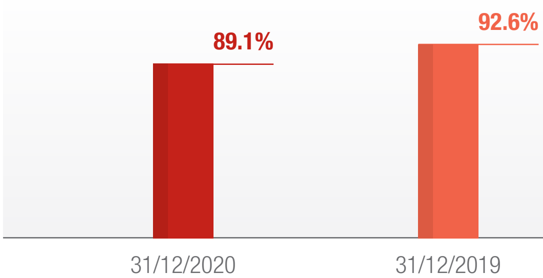
PROPERTY & CASUALTY SEGMENT

GROSS WRITTEN PREMIUMS (€ mln)



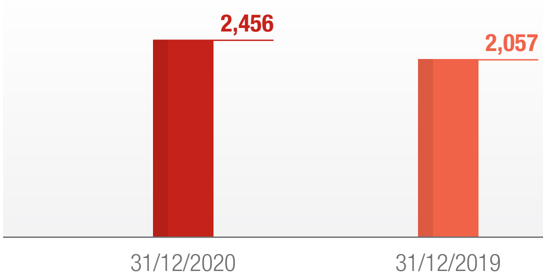
Despite the market context impacted by the pandemic, P&C premiums were stable, on equivalent terms.

COMBINED RATIO



Group CoR at 89.1%, down 3.5 pps due to the improvement of the current year loss ratio, also because of the effects of the lockdown.

OPERATING RESULT (€ mln)



Operating result at € 2.5 billion; the significant increase (+19.4%) reflected the rise of the technical result due to the above-mentioned improvement of the CoR.

PERFORMANCE OF THE PROPERTY & CASUALTY SEGMENT

Premiums development

In a context that was significantly impacted by the pandemic, P&C premiums were substantially stable, on equivalent terms, at € 22,147 million. Overall, the positive performance spread across the countries in which the Group operates offset the significant fall in Europ Assistance's business (-30.2%), the worst hit one in terms of premiums by the crisis caused by the Covid-19.

With regard to the lines of business, the motor line rose by 0.7%, due to a particularly positive fourth quarter. The annual increase was mainly attributable to performance in ACEER (+4.2%), France (+1.8%) and Argentina (+27.6%). Motor premiums in Italy fell by 3.0%, following schemes to improve the profitability of the motor third-party liability portfolio, in a market that continues to be highly competitive.

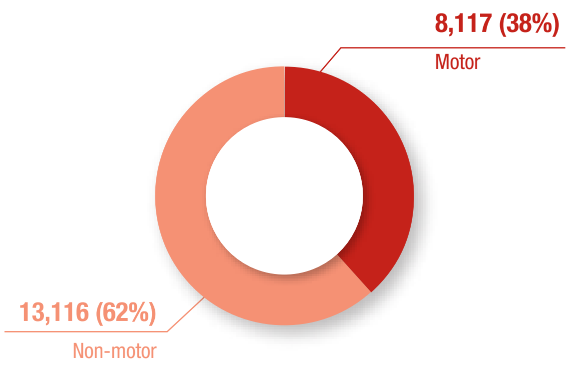
The non-motor line (+0.2%) reflected the increase spread across the various areas in which the Group operates, more marked in terms of volumes in:

- Italy (+3.3%), which benefited in particular from the performance of the retail and Employee Benefit lines;
- France (+2.3%), due the increase of multi-risk products and efforts to boost the accident & health line;
- Poland (+11.9% driven by the home, corporate business and assistance lines), Slovenia (+6.6%, thanks to the health line) and Austria (+2.1% supported by the SME lines);
- Spain (+3.3%) mainly due to the increase of the portfolio in the multi-risk, health, and funeral costs lines.

As mentioned, Europ Assistance premiums were down due to the impact of the pandemic, especially in the travel lines (-53.5%).

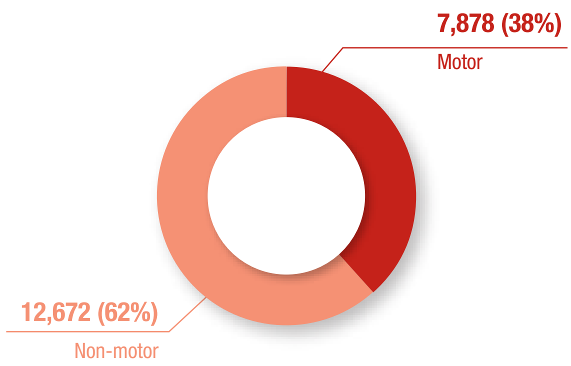
Gross direct premiums by line of business at 31 December 2020

€ mln

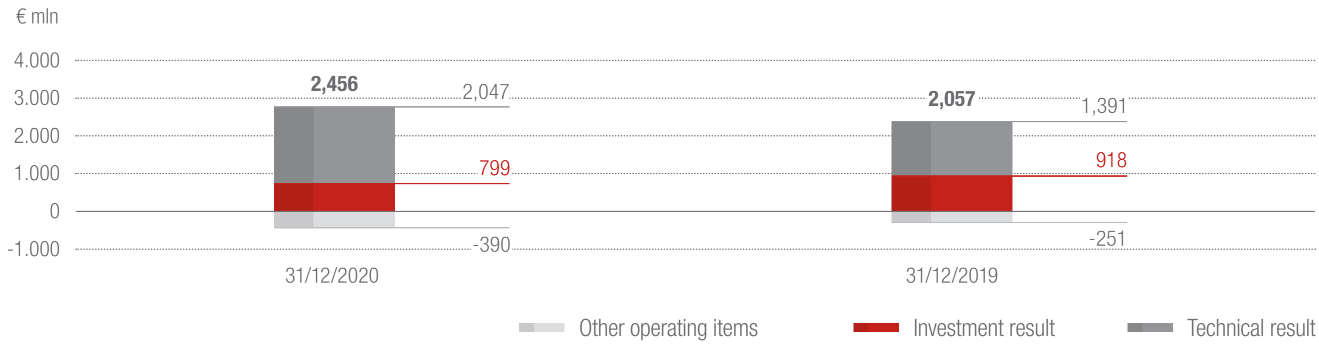


Gross direct premiums by line of business at 31 December 2019

€ mln



Operating result



The operating result of the P&C segment amounted to € 2,456 million (€ 2,057 million at 31 December 2019); the significant increase (+19.4%) reflected the rise in the technical result.
The operating return on investments[25] of the P&C segment stood at 6.11% (5.2% at 31 December 2019).

TECHNICAL RESULT

Property&Casualty operating result: technical result

(€ million)	31/12/2020	31/12/2019	Change
Technical result	**2,047**	**1,391**	**47.2%**
Net earned premiums	20,886	20,341	2.7%
Net insurance benefits and claims	-12,731	-13,054	-2.5%
Net acquistion and administration costs	-5,875	-5,779	1.7%
Other net technical income	-233	-118	97.5%

The technical result amounted to € 2,047 million. The increase of almost 50% against 31 December 2019 reflected the significant improvement of 3.5 pps observed in the combined ratio of the Group, which stood at 89.1%, confirming it to be the best and least volatile amongst peers in the market. The technical result included the impact of natural catastrophe claims of around € 320 million, mainly resulting from the storms in France and Spain in the second half of January, from the storms in central Europe in February and October, the bad weather in Italy in the second half of the year and the earthquake in Croatia in December. Similar events had had an impact of approximately € 413 million at 31 December 2019. The impact of large man-made claims rose.
The increase in the insurance expenses referred to the increase of the acquisition costs component, due mainly to the acquisition of Seguradoras Unidas.
Other technical expenses rose due to expenses for commercial initiatives to retain customers, following the context triggered by the health emergency.

Technical indicators

(€ million)	31/12/2020	31/12/2019	Change
Combined ratio	**89.1%**	**92.6%**	**-3,5 pps**
Loss ratio	61.0%	64.2%	-3,2 pps
Current year loss ratio excluding natural catastrophes	63,1%	67,8%	-4,7 pps
Natural catastrophes impact	1.5%	2,0%	-0,5 pps
Prior year loss ratio	-3,7%	-5,7%	2,0 pps
Expense ratio	28.1%	28.4%	-0,3 pps
Acquisition cost ratio	23.0%	23.1%	-0,1 pps
Administration cost ratio	5.1%	5.3%	-0,2 pps

25 Please refer to *Glossary* for details on the calculation of this indicator.

The improvement in the Group's combined ratio (89.1%; -3.5 pps compared to 31 December 2019) was mainly due to the trend of the loss ratio.

The overall loss ratio stood at 61.0%, up thanks to the significant fall in the non-catastrophe current year loss ratio (-4.7 pps), driven by the motor line, which reported extremely positive performance in all areas in which the Group operates, also due to the effects of the lockdown. The non-catastrophe current year loss ratio of the non-motor line also improved, albeit to a lesser extent, with widespread positive performance in the main countries, with the exception of ACEER and Spain. The impact of natural catastrophe claims was 1.5% (2.0% at 31 December 2019); the impact of large man-made claims rose slightly (+0.3 pps). The prior year loss ratio was down at -3.7%.
With regard to the main countries in which the Group operates, the fall in the current year loss ratio had far-reaching beneficial effects on the combined ratios of the main countries: Italy (88.3%, -3.6 pps), Germany (86.0%, -3.6 pps), ACEER (83.9%, -3.3 pps), France (92.7%, -4.1 pps). Europ Assistance reported a recovery with respect to the half year, with the increase of the CoR down to 0.2 pps, bringing it to 91.0%: the decrease reflected lower volumes due to the emergency situation caused by the Covid-19 pandemic, although claims frequency was down.
Insurance expenses amounted to € 5,875 million (€ 5,779 million at 31 December 2019). In detail, acquisition costs increased to € 4,804 million (+2.3%), reflecting the acquisition of Seguradoras Unidas. The ratio of acquisition costs to net earned premiums was 23.0% (23.1% at 31 December 2019).
Administration costs fell from € 1,084 million to € 1,071 million, down 1.2% due to widespread decreases in the main countries where the Group operates. The ratio of costs to net earned premiums was down at 5.1%.
The expense ratio therefore improved and stood at 28.1% (28.4% at 31 December 2019).

INVESTMENT RESULT

Property&Casualty operating result: investment result

(€ million)	31/12/2020	31/12/2019	Change
Investment result	**799**	**918**	**-13.0%**
Current income from investments	1,076	1,235	-12.9%
Other operating net financial expenses	-277	-317	-12.5%

The investment result of the P&C segment amounted to € 799 million, down compared to 31 December 2019, reflecting the fall in current income from investments, which stood at € 1,076 million, which suffered from the current state of market interest rates, and lower share dividends. Current income from investment properties fell to € 224 million (€ 272 million at 31 December 2019).

Other operating net financial expenses, which encompass interest expenses on liabilities linked to operating activities, including the effects of IFRS 16 accounting treatment, and investment management expenses, amounted to € -277 million (€ -317 million at 31 December 2019), mainly due to the fall in investment management expenses and of interest on defined benefit plans.

OTHER OPERATING ITEMS

The other operating items of the P&C segment, which primarily included non-insurance operating expenses, depreciation and amortization of tangible assets and multi-annual costs, provisions for recurring risks and other taxes, amounted to € -390 million (€ -251 million at 31 December 2019) mainly due to higher costs for reorganization of the German activities and lower incomes for services from Europ Assistance.

Non-operating result

The non-operating result of the P&C segment came to € -500 million (€ -290 million at 31 December 2019).
In particular, the non-operating investment result fell, reflecting, on one hand, higher net impairment losses on bonds and equities, which went from € -174 million to € -252 million at 31 December 2020, and, on the other, lower net realized gains, which went from € 279 million to € 116 million at 31 December 2020.

Net non-operating income from financial instruments at fair value through profit or loss were € -48 million (€ -84 million at 31 December 2019).
Other net non-operating expenses amounted to € -316 million (€ -311 million at 31 December 2019), of which € -30 million relating to the amortization of the value of portfolios acquired (€ -45 million at 31 December 2019).

Other information on the Property & Casualty segment

Property&Casualty segment operating and non operating result

(€ million)	31/12/2020	31/12/2019	Change
Property&Casualty segment operating result	**2,456**	**2,057**	**19.4%**
Net earned premiums	20,886	20,341	2.7%
Net insurance benefits and claims	-12,744	-13,073	-2.5%
Acquisition and administration costs	-5,891	-5,794	1.7%
Acquisition and administration costs related to insurance business	-5,875	-5,779	1.7%
Other acquisition and administration costs	-16	-15	7.2%
Fee and commission income and income from financial service activities	0	1	-18.1%
Net operating income from financial instruments at fair value through profit or loss	49	39	24.9%
Net operating income from other financial instruments	763	898	-15.0%
Interest income and other income	1,027	1,196	-14.1%
Interest expense on liabilities linked to operating activities	-55	-72	-22.7%
Other expenses from other financial instruments and land and buildings (investment properties)	-209	-226	-7.7%
Net other operating expenses	-607	-354	71.3%
Property&Casualty segment non-operating result	**-500**	**-290**	**72.4%**
Net non-operating income from financial instruments at fair value through profit or loss	-48	-84	-42.7%
Net non-operating income from other financial instruments	-136	105	n.m.
Net realized gains on other financial instruments and land and buildings (investment properties)	116	279	-58.4%
Net impairment losses on other financial instruments and land and buildings (investment properties)	-252	-174	44.9%
Net other operating expenses	-316	-311	1.7%
Property&Casualty segment earnings before taxes	**1,956**	**1,767**	**10.7%**

Property&Casualty segment indicators by country

(€ million)	Gross written premiums		Operating result	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Italy	5,581	5,530	531	472
France	2,860	2,811	297	205
Germany	3,780	3,771	592	462
Austria, CEE & Russia	4,356	4,316	624	563
International	4,189	3,391	334	273
Spain	1,623	1,565	127	146
Switzerland	753	721	71	71
Americas and Southern Europe	1,541	837	134	68
Asia	272	267	3	-11
Group holdings and other companies (*)	1,380	1,707	79	81
of which Europ Assistance	741	1,061	71	113
Total	**22,147**	**21,526**	**2,456**	**2,057**

(*) The data relating to Operating result also include country adjustments.

Technical indicators by country

	Combined ratio(*)		Loss ratio		Expense ratio	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Italy	88.3%	91.9%	61.9%	66.1%	26.4%	25.9%
France	92.7%	96.8%	64.5%	68.3%	28.3%	28.5%
Germany	86.0%	89.6%	56.6%	60.2%	29.4%	29.4%
Austria, CEE & Russia	83.9%	87.1%	55.5%	58.4%	28.4%	28.8%
International	94.8%	97.3%	65.1%	66.2%	29.6%	31.1%
Spain	93.4%	93.1%	64.7%	65.4%	28.7%	27.8%
Switzerland	91.5%	90.5%	63.6%	62.5%	27.9%	28.1%
Americas and Southern Europe	96.8%	107.4%	66.2%	70.4%	30.6%	37.1%
Asia	100.0%	108.4%	66.1%	68.1%	33.9%	40.3%
Group holdings and other companies	91.3%	95.1%	65.0%	69.6%	26.2%	25.5%
of which Europ Assistance	91.0%	90.8%	58.8%	61.5%	32.2%	29.4%
Total	**89.1%**	**92.6%**	**61.0%**	**64.2%**	**28.1%**	**28.4%**

(*) CAT claims impacted on the Group combined ratio for 1.5 pps, of which 3.1 pps in Italy, 1.2 pps in Germany, 1.1 pps in ACEER and 0.9 pps in France (at 31 December 2019 CAT claims impacted on the Group combined ratio for 2.0 pps, of which 2.9 pps in Italy, 2.4 pps in France, 2.1 pps in Germany and 1.6 pps in ACEER).

Property&Casualty direct written premiums by line of business and by country

(€ million)	Motor		Non-motor		Total	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Italy	1,965	2,025	3,489	3,377	5,454	5,402
France	1,068	1,050	1,726	1,687	2,794	2,737
Germany	1,465	1,469	2,311	2,293	3,776	3,762
Austria, CEE & Russia	2,040	1,996	2,275	2,272	4,314	4,268
International	1,549	1,295	2,399	1,897	3,948	3,192
Spain	444	453	1,098	1,063	1,541	1,516
Switzerland	304	289	449	433	753	721
Americas & Southern Europe	802	554	738	283	1,540	837
Asia	0	0	114	118	114	118
Group holdings and other companies	30	43	917	1,147	947	1,190
of which Europ Assistance	28	37	597	868	625	906
Total	**8,117**	**7,878**	**13,116**	**12,672**	**21,233**	**20,550**

FINANCIAL POSITION OF THE PROPERTY & CASUALTY SEGMENT

Investments

Property&Casualty segment investments

(€ million)	31/12/2020	Impact (%)	31/12/2019	Impact (%)
Equity instruments	1,654	4.1%	2,770	7.0%
Fixed income instruments	27,646	68.5%	26,705	67.3%
Bonds	24,210	60.0%	23,103	58.3%
Other fixed income instruments	3,437	8.5%	3,602	9.1%
Land and buildings (investment properties)	3,803	9.4%	4,014	10.1%
Other investments	2,820	7.0%	2,548	6.4%
Investments in subsidiaries, associated companies and joint ventures	2,857	7.1%	2,577	6.5%
Derivatives	-0	0.0%	-17	0.0%
Other investments	-37	-0.1%	-12	0.0%
Cash and cash equivalents	4,409	10.9%	3,622	9.1%
Total investments	**40,333**	**100.0%**	**39,660**	**100.0%**

Total investments in the P&C segment rose from € 39,660 million at 31 December 2019 to € 40,333 million (+1.7%).

With reference to the exposure to the various asset classes, the fixed income portfolio reported an increase, amounting to € 27,646 million, with a weight to total of 68.5%. Following the net selling position adopted by the Group and the market effect, the exposure to equity instruments decreased, from 7.0% at 31 December 2019 to 4.1%. The exposure to the property portfolio also fell, from 10.1% to 9.4%. Lastly, the weight of cash and other cash equivalents increased from 9.1% at 31 December 2019 to 10.9%.

With reference to the bond portfolio breakdown, the exposure to government bonds increased, standing at € 11,966 million (€ 11,695 million at 31 December 2019), with a weight slightly down at 43.3% (43.8% at 31 December 2019), while the exposure to corporate bonds rose, amounting to € 12,244 million, with a weight of 44.3% (42.7% at 31 December 2019).

The average duration of the bond portfolio rose to 6.2, in line with the Group's ALM strategy.

Property&Casualty segment return on investments

	31/12/2020	31/12/2019
Current return (*)	2.5%	3.0%
Harvesting rate	-0.2%	0.3%
P&L return	1.9%	2.8%

(*) Net of depreciations.

The net current return on investments in the P&C segment was down compared to 31 December 2019, standing at 2.5%, with the related current income amounting to € 1,024 million (€ 1,183 million at 31 December 2019).

The harvesting rate showed an inversion of the trend and stood at -0.2% (0.3% at 31 December 2019), due to the lower net realized gains and higher impairments.

Property & Casualty insurance provisions

Propery&Casualty: technical reserves

(€ million)	31/12/2020	31/12/2019
Net provisions for unearned premiums	5,840	5,157
Net provisions for outstanding claims	24,263	23,634
Other net provisions	333	269
Property&Casualty insurance provisions	**30,436**	**29,059**
of which Motor	12,639	12,352
of which Non Motor	17,797	16,707

ASSET MANAGEMENT SEGMENT

The Asset Management segment includes the activities exercised by Asset Management companies operating within the Group.
This segment operates as a provider of products and services both to the insurance companies of the Generali Group and to third-party clients. The products include equity and fixed-income funds, as well as alternative products. The aim pursued by Asset Management is to identify investment opportunities and sources of growth for all of its clients, while managing risks.

The segment includes companies specialised in institutional and retail clients, insurances and pension funds (liability-driven-investors), both on traditional strategies and on high conviction and alternative strategies (like, for example, real assets).
Its scope includes, for example, companies in the Generali Investments group, Generali Real Estate, Generali Investments CEE and Fortuna Investments, to which are added the other companies linked to the multi-boutique strategy and some companies operating in Asia.

(€ million)	31/12/2020	31/12/2019	Change
Operating revenues	993	813	22.2%
Operating expenses	-447	-388	15.3%
Operating result	546	425	28.5%
Net result	386	280	38.0%
Cost/Income ratio	45%	48%	-3 pps.

(€ billion)	31/12/2020	31/12/2019	Change
Total Assets Under Management[26]	561	531	5.7%
of which third-party Assets Under Management	104	106	-1.6%

The operating result of the Asset Management segment stood at € 546 million, up by 28.5%. This performance was partly due to the increase in operating revenues, which amounted to € 993 million (+22.2%), made possible by the rise in assets under management, due to positive net inflows, good market performance particularly in the second half of the year and the consolidation of the revenues of the new companies that are part of the multi-boutique platform. The fees and commissions component was also influenced by the increase of performance fees of € 122 million against € 11 million at the end of 2019. Operating expenses were up 15.3%, and amounted to € 447 million, due both to the investments needed to make the central structures and the operating machine more efficient, and to the increase of variable expenses relating to the positive trend of performance fees. The impact of higher performance fees net of related expenses was € 80 million.

The cost/income ratio fell by 3 pps from 48% at the end of 2019 to 45%.

The net profit of the Asset Management segment stood at € 386 million (+38.0%).

The value of the total Assets Under Management of the segment was € 561 billion at 31 December 2020.
Third-party Assets Under Management fell from € 106 billion at the end of 2019 to € 104 billion at the end of 2020, due to negative net inflows of around € 4 billion, partly offset by the market effect on managed assets.

26 The comparative data of the Asset Management segment included assets of companies disposed of during the period, that remained under management as a result of the sale agreements.

Asset Management operating and non operating result

(€ million)	31/12/2020	31/12/2019	Change
Asset Management operating result	**546**	**425**	**28.5%**
Acquisition and administration costs	-404	-332	21.6%
Fee and commission income and income from financial service activities	740	623	18.8%
Net operating income from financial instruments at fair value through profit or loss	-0	1	n.m.
Net operating income from other financial instruments	106	37	n.m.
Interests and other income	97	81	19.9%
Net operating realized gains on other financial instruments and land and buildings (investment properties)	-0	-0	n.m.
Net operating impairment losses on other financial instruments and land and buildings (investment properties)	-11	-4	n.m.
Interest expenses on liabilities linked to operating activities	-3	-4	-12.4%
Other expenses from other financial instruments and land and buildings (investment properties)	24	-35	n.m.
Net other operating expenses	105	96	9.1%
Asset Management non-operating result	**-43**	**-31**	**37.4%**
Net non-operating income from financial instruments at fair value through profit or loss	0	0	0.0%
Net non-operating income from other financial instruments	-0	-0	47.3%
Net other non-operating expenses	-43	-31	37.4%
Asset Management segment earnings before taxes	**503**	**394**	**27.8%**

HOLDING AND OTHER BUSINESSES SEGMENT

The Holding and other businesses segment includes the activities of the Group companies in the banking and asset management sectors, the costs incurred for the direction, coordination and financing activities, as well as other operations that the Group considers to be ancillary to the core insurance business.

The operating result of the aforementioned businesses is summarized in the table below:

(€ million)	31/12/2020	31/12/2019	Change
Holding and other businesses operating result	**130**	**8**	**n.m.**
Financial and other businesses	658	538	22.5%
Holding operating expenses	-528	-529	-0.2%

The operating result of the Holding and other businesses segment came to € 130 million, an improvement compared to € 8 million at 31 December 2019. In particular, the operating result of the financial and other businesses segment rose to € 658 million (€ 538 million at 31 December 2019). The 22.5% increase reflected the growth in the result of Banca Generali, which rose to € 353 million (€ 327 million at year-end 2019) and which benefited from an increase in managed assets and commissions. The contribution provided by private equity was also positive.

Holding operating expenses were substantially stable at € -528 million (€ -529 million at 31 December 2019). The higher costs of the operating entities linked to the Group's strategic projects and those relating to IT infrastructure and safety were offset by the cost saving measures implemented by the Group.

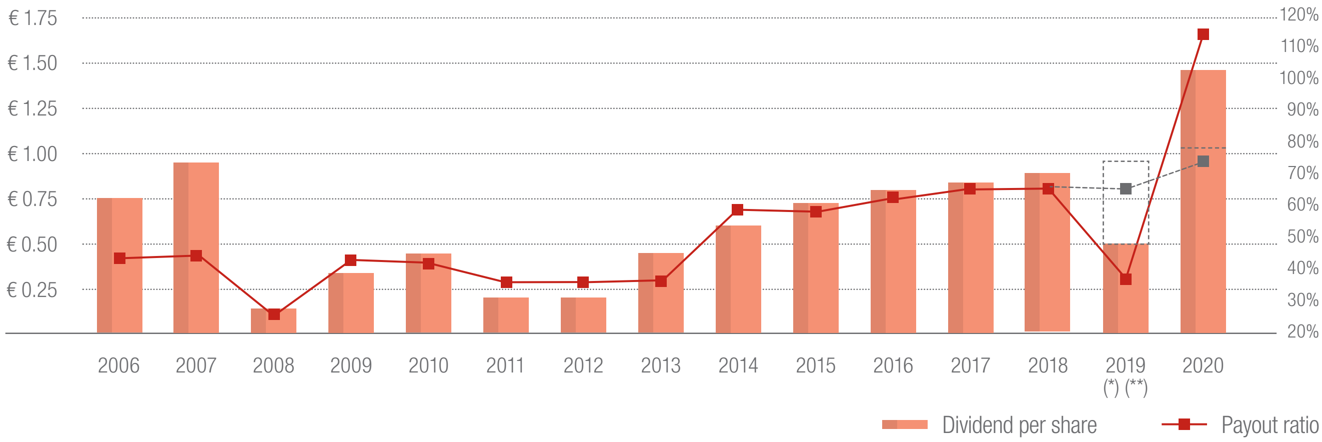
Holding and other business segment operating and non operating result

(€ million)	31/12/2020	31/12/2019	Change
Holding and other businesses segment operating result	**130**	**8**	**n.m.**
Net earned premiums	0	0	0.0%
Net insurance benefits and claims	-0	0	0.0%
Acquisition and administration costs	-297	-292	1.5%
Fee and commission income and income from financial service activities	596	578	3.0%
Net operating income from financial instruments at fair value through profit or loss	-31	20	n.m.
Net operating income from other financial instruments	481	427	12.7%
Interests and other income	837	772	8.4%
Net operating realized gains on other financial instruments and land and buildings (investment properties)	57	17	n.m.
Net operating impairment losses on other financial instruments and land and buildings (investment properties)	-52	-11	n.m.
Interest expenses on liabilities linked to to operating activities	-88	-129	-31.8%
Other expenses from other financial instruments and land and buildings (investment properties)	-272	-222	22.6%
Net other operating expenses	-91	-196	-53.7%
Operating holding expenses	-528	-529	-0.2%
Holding and other businesses non operating result	**-682**	**-916**	**-25.6%**
Net non-operating income from financial instruments at fair value through profit or loss	-14	44	n.m.
Net non-opeating income from other financial instruments	-103	-265	-61.2%
Net non-operating realized gains on ither financial instruments and land and buildings (investment properties)	-96	-243	-60.5%
Net non-operating impairment losses on other financial instruments and land and buildings (investment properties)	-7	-21	-69.2%
Net other non-operating expenses	14	12	15.6%
Non operating holding expenses	-579	-707	-18.1%
Interest expenses on financial debt	-493	-605	-18.5%
Holding non recurring expenses	-86	-102	-15.7%
Holding and other businesses segment earnings before taxes	**-552**	**-908**	**-39.2%**

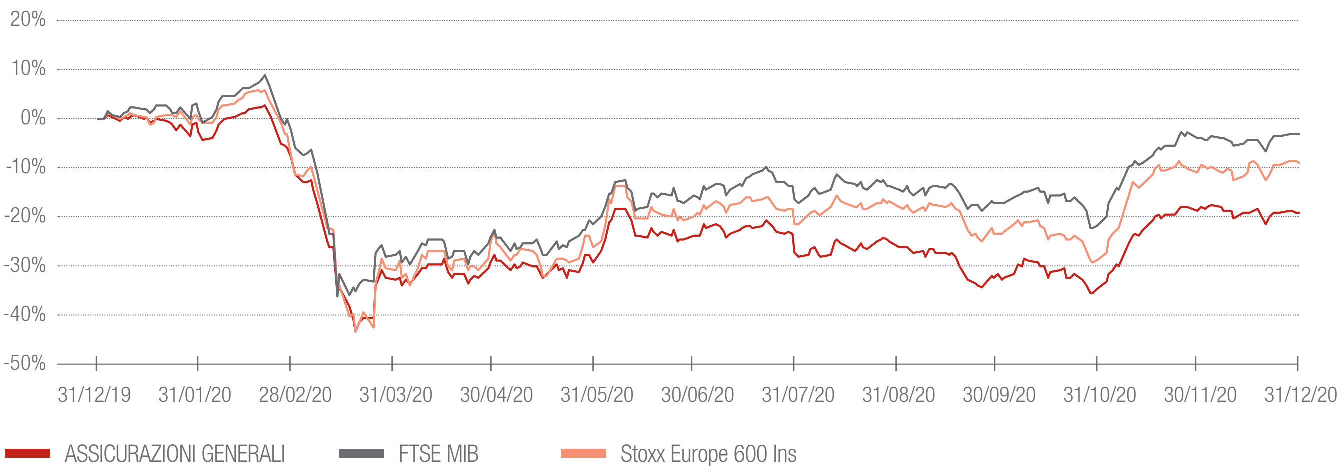
SHARE PERFORMANCE

KPIs per share

	31/12/2020	31/12/2019
Earnings per share (EPS)	1.11	1.70
Adjusted net EPS	1.23	1.40
Adjusted net EPS excluding expenses from the Extraordinary International Fund Covid-19 and the liability management transaction	1.32	1.52
Dividend per share (DPS) (*)	1.47	0.50
Adjusted payout ratio excluding expenses from the Extraordinary International Fund Covid-19 and the liability management transaction (**)	111.5%	33.0%
Total dividend (in € million) (*)	2,315	785
Share price	14.26	18.40
Minimum share price	10.39	14.51
Maximum share price	18.88	19.50
Average share price	13.91	16.85
Weighted average number of ordinary shares outstanding	1,569,448,327	1,567,927,100
Market capitalization (in € million)	22,475	28,884
Average daily number of traded shares	5,544,326	4,863,683
Total shareholders' return (TSR) (***)	-19.36%	32.95%



2020 total shareholders' return performance (***)



(*) The 2020 proposed dividend per share of € 1.47 will be split into two tranches of € 1.01 and € 0.46, respectively. The first tranche, payable as from 26 May 2021, represents the ordinary pay-out from 2020 earnings: shares will be traded ex-dividend as from 24 May 2021. The second tranche, instead, related to the second part of the 2019 retained dividend, will be payable as from 20 October 2021 and the shares will be traded ex-dividend as from 18 October 2021: such second tranche will be payable subject to the verification by the Board of Directors of the absence of impeding supervisory provisions or recommendations in force at that time.
As for 2019, dividend per share paid and total dividend paid as the first tranche in May 2020 were reported.

(**) The payout ratio at 31 December 2020, equal to 120.2%, was calculated on the adjusted net profit, which amounted to € 1,926 million. The payout ratio at 31 December 2019 was restated taking into account the total dividend paid.

(***) The total shareholders' return (TSR) is the measure of performance which combines share price variation and dividends paid to show the total return to the shareholder expressed as an annualized percentage.

RISK REPORT

#WEREALLABOUTYOU

A. EXECUTIVE SUMMARY

The purpose of this section is to provide an overview of the Group's solvency position and risk profile, as well as its risk management framework. To this end a brief introduction on economic and regulatory environment is hereby provided.

When addressing the Group's risk profile, it is important to consider that the insurance sector is mostly vulnerable to financial markets and the macro-economic landscape. Generali has proven to be resilient to both financial risks and credit risks. Nevertheless, financial instability and the persistently low interest rate environment still represent the key challenges for the insurance sector and Generali Group as well, in a context of increasing uncertainty such as that observed with Covid-19 during 2020 and early 2021

Insurance industry risk management system is focused on financial, underwriting, operational (among which Cyber and IT) and other risks, such as liquidity and strategic risks. At the same time, new vulnerabilities are recognized in emerging trends and future risks, such as the climate change, digitalization, geopolitical instability and demographic changes. While focusing on these risks, ESG (environmental, social and governance) factors are increasingly recognized as relevant. In particular, among ESG related (or so-called sustainability) risks, climate change is prioritized as the most important of all for the financial sector.

Challenges and opportunities of the market context, p. 20, for more details on financial markets' developments, climate change, demographics and digitalization

In addition to the financial environment, regulatory developments represent a major external driver of threats and opportunities. From a regulatory perspective, the focus of financial sector Supervisory Authorities during the crisis has been on ensuring stability, business continuity and mitigating the impact on policyholders. In 2021, the expected trends relate to the Solvency II review, consumer protection, data protection, sustainable finance and digitalisation.

In terms of solvency position, the Group and all its European insurance subsidiaries comply with Solvency II regulation, which requires capital to be held for all quantifiable risks.

The Group uses its Partial Internal Model (PIM), which has been approved by the Supervisory Authority, to calculate capital requirements to better reflect its risk profile. The Internal Model (IM) authorization was granted for all major Business Units, being Italy, Germany, France, Austria, Switzerland, Czech Republic and Spain[1]. The Group Solvency Capital Requirement (SCR) is calculated with the IM for the legal entities for which authorization has been granted. Moreover, in 2020 entities already using IM for the calculation of the capital requirement received the approval by the Supervisory Authority for the use of the Internal Model also for operational risks. Other insurance entities adopt the Standard Formula. Other financial regulated entities contribute to the SCR based on local sectoral regulatory requirements (mostly banks, pension funds, and asset managers).

Based on this, the Solvency ratio amounts to 224% as at 31 December 2020, confirming the strong capital position of the Group, well above the tolerances and within the operating target range defined in the Group Risk Appetite Framework.

This strong capital position takes into account the effects of the Covid-19, started in 2020 and is still ongoing worldwide, considering that the effects have been marginal in most Group entities due to limited exposure to policies affected by the various lockdowns that have taken place as well as border closures.

It should be noted, that given the Covid-19 context, a daily monitoring process of the Group and local solvency position was implemented in 2020, it was thus possible to provide timely and constant information on the solvency position with respect to the evolution of the financial markets resulting from the impact of the pandemic.

For risks not included in SCR calculation, additional assessment techniques are used. In particular, for liquidity risk, the Group has in place methodologies and models to grant a sound risk management in line with the Group risk strategy, defined in the Group Risk Appetite Framework.

Generali Group risk management system is based on a system of governance and structured risk management processes, defined within a set of risk policies in the broader Generali Internal Regulation System (GIRS).

Within the risk management system, the Own Risk and Solvency Assessment (ORSA) process represents a fundamental risk management tool, with the twofold purpose to provide a comprehensive risk reporting and supporting the Group risk strategy update.

In addition to ORSA, the Group also relies on a set of tools, such as the Recovery Plan, the Liquidity Risk Management Plan and the Systemic Risk Management Plan, defined following the Financial Stability Board (FSB) and the International Association of Insurance Supervisors (IAIS) standards[2] as well as the most recent Supervisory Authority requirements.

The Risk Report structure is the following:

- section B providing a brief oversight of the risk management system;
- section C providing the Group solvency position and the key elements of the capital management process;
- section D providing a highlight on the Group's risk profile and sensitivity analysis to main risks.

More details on the solvency position and risk profile are then provided in the Solvency and Financial Condition Report (SFCR), available on Generali Group website.

Finally, Group rating assessment by external rating agencies is provided on the Group website in the section www.generali.com/investors/debt-ratings/ratings.

1 Extension to include minor entities in the PIM scope are ongoing.
2 Generali Group is not included in the list of Global Systemically Important Insurers (GSIIs), issued by FSB.

B. GROUP RISK MANAGEMENT SYSTEM

A. RISK GOVERNANCE

Risk governance is a part of the broader Group system of governance. The Group system of governance, which includes the internal control and risk management system, consists of the roles and responsibilities of the Administrative, Management or Supervisory Body (AMSB), of the Senior Management and of the Key Functions. It also consists of the policies, administrative and accounting procedures and organizational structures aimed at identifying, evaluating, measuring, managing and monitoring the main risks.
To ensure a consistent framework through the Group, the Parent Company sets Group Directives on the System of Governance, complemented by Group internal control and risk management policies.

The Group system of governance is founded on the establishment of an AMSB and of three lines of defence:
- the operating functions (risk owners), which represent the first line of defence and have ultimate responsibility for risks relating to their area of responsibility;
- Risk Management, Compliance, Actuarial and Anti-Money Laundering Functions, which represent the second line of defence;
- Internal Audit Function, which represents the third line of defence..

Internal Audit Function together with Risk Management, Compliance and Actuarial Functions represent the Key Functions.

Key roles within the internal control and risk management system are outlined below:
- the AMSB is the ultimate responsible for the system of governance and must ensure that the system of governance and internal control and risk management system are consistent with all the applicable regulations. To this end, the AMSB, supported by the Key Functions, reassesses the system of governance adequacy periodically and at least once a year. The AMSB approves the organizational set-up, establishes the Key Functions defining their mandate and reporting lines as well as, where appropriate, any support committee, adopts Group internal control and risk management policies, performs the duties related to the ORSA, risk concentration and intragroup transactions, approves the ORSA results and based on them defines the risk appetite;
- the Senior Management is responsible for the implementation, maintenance and monitoring of the system of internal controls and risk management, including risks arising from non-compliance with regulations, in accordance with the directives of the AMSB;
- Key Functions are established at Group level and within the Group legal entities:
  - the Risk Management Function supports the AMSB and Senior Management in ensuring the effectiveness of the risk management system and provides advice and support to the main business decision-making processes;
  - the Compliance Function grants that the organizational and the internal procedures are adequate to manage the risk to incur in administrative or judiciary fines, economic losses or reputational damages as a consequence of non-compliance with laws, regulations, provisions, and the risk deriving from unfavourable changes in the law or judicial orientation (compliance risk);
  - the Actuarial Function coordinates the technical provisions calculation and grants the adequacy of underlying methodologies, models and assumptions, verifies the quality of the related data and expresses an opinion on the overall Underwriting Policy and on the adequacy of reinsurance arrangements;
  - the Internal Audit Function verifies business processes and the adequacy and effectiveness of controls in place also proving support and advice.
- the Anti-Money Laundering Function evaluates that the organisation and internal procedures are adequate to manage the risk of money laundering and terrorist financing.

Heads of Key Functions and of Anti-Money Laundering Function report to the AMSB.
Group Key Functions collaborate according to a pre-defined coordination model, in order to share information and create synergies. A strong Parent Company coordination and direction for Key Functions is granted by the so-called solid reporting lines model established between the head of the Group Key Function and heads of the respective functions within the legal entities.

B. RISK MANAGEMENT SYSTEM

The principles defining the Group risk management system, including strategies, processes and reporting procedures, are provided in the Risk Management Group Policy[3], which is the cornerstone of all risk-related policies and guidelines. The Risk Management Group Policy covers all risks, on a current and forward-looking basis, and is implemented in a consistent manner across the Group.
Generali Group's risk management process is defined in the following phases:

1. Risk identification
2. Risk measurement
3. Risk management and control
4. Risk reporting

3 The Risk Management Group Policy covers all Solvency II risk categories and, in order to adequately deal with each specific risk category and the underlying business processes, is complemented by the following risk policies: Investment Governance Group Policy; P&C Underwriting and Reserving Group Policy; Life Underwriting and Reserving Group Policy; Operational Risk Management Group Policy; Liquidity Risk Management Group Policy, Tax Absorption Capacity of Deferred Taxes Group Policy; other risk-related policies, such as Capital Management Group Policy, Supervisory Reporting & Public Disclosure Group Policy, Risk Concentrations Management Group Policy, etc..

1. Risk identification

The purpose of the risk identification is to ensure that all material risks to which the Group is exposed are properly identified. To this end, the Risk Management Function interacts with the main business functions and Business Units in order to identify the main risks, assess their importance and ensure that adequate measures are taken to mitigate them, according to a sound governance process. Within this process also emerging risks[4] related to future risks and developing trends, characterized by uncertain evolution and often of systemic nature, are considered, as well as sustainability risks, or more simply risks related to so-called ESG (Environmental, Social and Governance[5]) factors.
The Group main risks' identification process also considers the results of the local risk identification processes.

2. Risk measurement

Identified risks are then measured through their contribution to the SCR, complemented by other modelling techniques deemed appropriate and proportionate to better reflect the Group risk profile. Using the same metric for measuring the risks and the capital requirements ensures that each quantifiable risk is covered by an adequate amount of capital that could absorb the loss incurred if the risk materializes. For SCR calculation purposes 1 in 200 years events are considered.
The SCR is calculated by means of the IM for financial, credit, life underwriting risk, non-life underwriting risk and, starting from 31 December 2020 also for operational risk, for what may concern the most relevant Group legal entities . The IM provides an accurate representation of the main risks the Group is exposed to, measuring not only the impact of each risk taken individually but also their combined impact on the Group's own funds.
Insurance and Re-Insurance entities not included in the IM scope calculate the capital requirement based on Standard Formula, while other financial services (e.g. banks, pension funds and asset manager) calculate the capital requirement based on their own specific sectoral regimes.
Group PIM methodology and governance are provided in the section C. Solvency Position.
For liquidity risk a Group model is used to calculate the metrics, as defined in section D. Liquidity Risk. Other risks are assessed by means of quantitative and qualitative techniques.

3. Risk management and control

The risks which the Group is exposed to are managed on the basis of the Group Risk Appetite Framework (Group RAF), defined by the Board of Directors of Assicurazioni Generali S.p.A. (hereafter, Board of Directors). The Group RAF defines the level of risk the Group is willing to accept in conducting business and thus provides the overall framework for embedding risk management into business processes. In particular, the Group RAF includes the statement of risk appetite, the risk preferences, the risk metrics, the tolerance and the target levels.
The purpose of the Group RAF is to set the desired level of risk on the basis of the Group strategy. The Group RAF statement is complemented by qualitative assertions (risk preferences) supporting the decision-making processes, by risk tolerances providing quantitative boundaries to limit excessive risk-taking, as well as by an operating target range to provide indications on the solvency level at which the Group aims to operate. Tolerance and target levels are referred to capital and liquidity metrics.
The Group RAF governance provides a framework for embedding risk management into day-to-day and extraordinary business operations, control mechanisms as well as escalation and reporting processes to be applied in case of risk tolerance breaches. Should an indicator approach or breach the defined tolerance levels, pre-defined escalation mechanisms are activated.

4. Risk reporting

The purpose of risk reporting is to keep business functions, Senior Management, AMSB and Supervisory Authority aware and informed on an ongoing basis on the development of the risk profile, the trends of single risks and the breaches of risk tolerances.

The ORSA process includes the reporting on the assessment of all risks, in a current and forward-looking view. For the purposes of the evaluations, both quantifiable risks and not quantifiable risks in terms of capital requirements are considered. Within the ORSA, stress tests, sensitivity analyses and reverse stress tests are also performed to assess the resilience of the solvency position and risk profile to changed market conditions or specific risk factors.
Generali Group applies a Group-wide process, which implies that each Group legal entity is responsible for the preparation of its own ORSA Report and the Parent Company coordinates the Group ORSA reporting process.
At Group level, the process is coordinated by the Risk Management Function, supported by other functions for what concerns own funds, technical provisions and other risks.

The purpose of the ORSA process is to provide the assessment of risks and of the overall solvency needs on a current and forward-looking basis. The ORSA process ensures an ongoing assessment of the solvency position based on the Strategic Plan and the Group Capital Management Plan.
The Group ORSA Report, documenting main results of this process, is produced on an annual basis. A non-regular ORSA Report can also be produced in case of significant changes of the risk profile.

4 Major details on emerging risk definition are provided in section D. Risk Profile.
5 An ESG factor is defined as any aspect of an environmental, social or corporate governance nature that may have an impact on the achievement of Group's strategic objectives and on its organization or that, conversely, the Group may influence through its activities or choices.
6 The IM use for the SCR calculation at Group level has been approved for the insurance entities in Italy, Germany, France, Austria, Switzerland, for the biggest Czech company (Česká pojišťovna a.s.) and for Spanish entities (Generali España S.A. de Seguros y Reaseguros e Cajamar Vida S.A. de Seguros y Reaseguros). For the other entities, the Standard Formula is applied. Other financial regulated entities apply local sectoral requirements.

C. SOLVENCY POSITION

SOLVENCY CAPITAL REQUIREMENT COVERAGE

Risk and capital management are closely integrated processes aimed at managing the Group's solvency position and the Group's risk profile.

The solvency position is defined as the ratio between Group Own Funds (GOF) and Solvency Capital Requirement (SCR).
The solvency position[7] is equal to 224% at 31 December 2020, remaining stable compared to the previous year. The strong contribution of normalised capital generation together with the positive impact of regulatory changes, which benefit from the extension of the Group Internal Model to operational risks, balance the negative effect of economic and other variances (mainly driven by the fall in financial markets observed in the first part of the year and only partially recovered in recent months) as well as M&A transactions (with the acquisition of Seguradoras Unidas in Portugal and of a minority share in Cattolica) and capital movements in the period (foreseeable dividend and the partial redemption of subordinated debt eligible for basic own funds).

SCR coverage

(€ million)	31/12/2020	31/12/2019
GOF	44,428	45,516
SCR	19,843	20,306
Solvency Ratio	224%	224%

Based on last available information for 2020, official figures for 2019

1. Group own funds

In compliance with the Solvency II regulatory requirements, Group own funds are defined as the sum of consolidated basic own funds (BOF) related to insurance entities, holding and ancillary undertakings attributable to insurance activity and the own funds attributable to financial entities, defined according to their sectoral regulatory regimes.

Basic own funds, can be further analysed as the sum of the following components:

- the excess of assets over liabilities as defined in accordance with art. 75 of Directive 2009/138/EC[8];
- plus subordinated debt eligible in basic own funds;
- less foreseeable dividends;
- plus additional own funds related to unrealised capital gains from French pension activities arising from the application of the IORP[9] transitory regime[10];
- less deductions for participations in financial entities;
- less deduction for regulatory filters applied to non-available items at Group level, restricted own funds items and shares of the parent company.

The contribution to the Group own funds of each element above listed is detailed in the following table:

Group own funds components

(€ million)	31/12/2020	31/12/2019
Excess of assets over liabilities	**40,734**	**40,756**
Subordinated debt eligible in basic own funds	8,285	8,259
Foreseeable dividend	-2,315	-1,513
Unrealised gains on French IORP business	483	696
Deductions for participations in financial entities	-2,732	-2,752
Impact of filter for non-availability & minorities and other deductions	-1,303	-1,011
Basic own funds after deductions	**43,151**	**44,434**
Contribution of financial entities	1,276	1,081
GOF	**44,428**	**45,516**

Based on last available information for 2020, official figures for 2019

7 The SCR, MCR and OF calculations disclosed are based on the last available information. More details on the Solvency Ratio will be disclosed in the Solvency and Financial Condition Report.
8 Net of minority interest for China operations that is evaluated with the proportional consolidation method, according to article 335 of Commission Delegated Regulation (EU) 2015/35 of 10 October 2014.
9 IORP stands for Institutions for Occupational Retirement Provisions.
10 These additional own funds are authorised by Supervisor for the years between 2016 and 2022, a period during which the proportion of the eligible unrealised capital gains will decrease gradually, remaining stable from 2020 onwards.

Commenting on the items contributing to the GOF, it can be noted that:

- the excess of assets over liabilities amounts to € 40,734 million, in line with the previous year-end position. The total own funds generation of € 578 million before the capital movements and the variations of the items not recognised in Solvency II Balance Sheet (i.e.: unrealised gains on IORP business, Solvency II filters and other components), is compensated by the payment of the first tranche of dividend of 2019 (€ -785 million);
- the amount of subordinated debt eligible in basic own funds (€ 8,285 million), stands at the same level of previous year;
- the foreseeable dividend amounts to € -2,315 million (including the € -722 million the second tranche of the 2019 dividend);
- the reduced contribution of the unrealised gains on IORP business stems from the progressive yearly haircut required by the French regulator;
- the deductions for participations in financial entities (€ -2,732 million, including the participation in Banca Generali), stands at the same level of 2019;
- the change of the impact of filters for minorities and non-available items (€ -292 million) is mainly driven from the share buyback to service the share plan for Generali Group employees, and from the increase of filters in profit provisions related to Surplus Funds in Germany;
- the increased contribution of financial entities (€ 195 million) reflects the growth of their available capital, defined in accordance with their sectoral regulatory regime, particularly relevant for Banca Generali and Group asset management business units.

RECONCILIATION BETWEEN IFRS EQUITY AND SOLVENCY II EXCESS OF ASSETS OVER LIABILITIES

Under the Solvency II regime, Solvency II excess of assets over liabilities is valuated starting from IFRS shareholders' equity and by adjusting at fair value consolidated assets and liabilities in accordance with Article 75 and Section 2 of the Solvency II Directive.

More precisely, these adjustments consist of:

- eliminating intangible assets (e.g. goodwill);
- revaluating investments not accounted at fair value, such as loans, held to maturity investments and real estate;
- accounting for the technical provisions according to Solvency II rules as a sum of Best Estimate of Labilities (BEL) and risk margin;
- including the Solvency II evaluation of financial liabilities and recognising material contingent liabilities;
- recalculating the impact of net deferred taxes on the above adjustments.

The following table presents the reconciliation between IFRS shareholders' equity and Solvency II excess of assets over liabilities at year-end 2020 and, for comparative purposes, at year-end 2019.

Differently from previous year-end closing, and in line with the SFCR representation of Solvency II Balance Sheet, the goodwill deducted from the intangibles only relates to insurance operations, while the cancellation of the goodwill related to non-insurance operations is now included in the mark-to-market of assets. For illustrative purposes, 2019 values of intangibles and mark-to-market of assets have been adjusted accordingly.

Reconciliation between IFRS shareholders' equity and Solvency II excess of assets over liabilities

(€ million)	31/12/2020	31/12/2019
IFRS Shareholders' Equity (gross of minorities) *	**31,234**	**29,386**
Intangibles	-11,074	-10,837
Mark-to-market of Assets	8,246	8,537
Mark-to-market of Liabilities	18,601	20,374
Impact of Net Deferred Taxes	-6,273	-6,704
Excess of assets over liabilities	**40,734**	**40,756**

Based on last available information for 2020, official figures for 2019

* IFRS Equity adjusted (for illustrative purpose) for the proportional consolidation of China operations within Solvency II

The elements of reconciliation from the IFRS shareholders' equity (€ 31,234 million) to the Solvency II Excess of Assets over Liabilities (€ 40,734 million) are the following:

- Intangibles related to insurance operations (€ -11,074 million), that are not recognised under Solvency II;
- Mark-to-market of Assets: this adjustment (€ 8,246 million) is primarily due to the change to fair value of real estate assets;
- Mark-to-market of Liabilities: this adjustment (€ 18,601 million) is primarily due to net Technical Provisions (deriving from the difference between IFRS and Solvency II valuation);
- Impact of net deferred taxes (€ -6,273 million) is a consequence of the change to fair value of the items reported above.

GROUP OWN FUNDS TIERING

According to Solvency II regulation, Group own funds items are classified into three tiers representing different level of quality, depending on the ability to absorb losses due to adverse business fluctuations on a going-concern basis and in the case of winding-up.

The Group's tiering is described below:

- Tier 1 unrestricted own funds includes the following items:
  - ordinary share capital and the related share premium account;
  - available surplus funds (from German, Austrian and French business);
  - reconciliation reserve;
  - additional own funds from French pension activities;

- Tier 1 restricted includes undated subordinated debt;
- Tier 2 includes the remaining part of subordinated debt which is classified as dated;
- Tier 3 is composed by net deferred tax assets, which are characterised by lower capital quality being not immediately available to absorb losses.

The GOF split by tiers is reported in the following table:

Group own funds by tiering

(€ million)	31/12/2020	31/12/2019
Tier 1 unrestricted	36,048	37,186
Tier 1 restricted	2,142	2,271
Tier 2	6,142	5,987
Tier 3	95	71
GOF	**44,428**	**45,516**

Based on last available information for 2020, official figures for 2019.

2020 Group own funds remain composed by high-quality capital. Tier 1 counts for about 86.0% of the total (86.7% in 2019), Tier 2 represents 13.8% (13.2% in 2019) and Tier 3 only 0.2% of the total (0.2% in 2019).
No eligibility filters are triggered thanks to the high-quality of the capital-tiering.

2. Solvency Capital Requirement

The SCR covers underwriting, financial, credit and operational risks as follows:

SCR split by risk

(€ million)	31/12/2020		31/12/2019	
	Total	Impact (%)	Total	Impact (%)
SCR before diversification	**32,289**	**100%**	**30,898**	**100%**
Financial risk (1)	13,660	42%	14,748	48%
Credit risk (2)	8,761	27%	6,838	22%
Life underwriting risk	2,975	9%	2,709	9%
Health underwriting risks	245	1%	303	1%
Non-life underwriting risk	4,307	13%	4,111	13%
Intangible risk	-	-	-	-
Operational risk	2,341	7%	2,188	7%
Diversification benefit	-8,599		-6,378	
SCR after diversification	**23,690**		**24,520**	
Tax absorption	-5,114		-5,410	
SCR excl. other regimes	**18,576**		**19,110**	
Other regimes (3)	1,267		1,197	
SCR	**19,843**		**20,306**	

Based on last available information for 2020, official figures for 2019
(1) Financial risk includes spread risk for Standard Formula entities
(2) Credit risk includes default risk, spread widening and rating migration risks for PIM entities
(3) Within this category other regulated financial entities are included (e.g. IORP, banks etc.)

The above SCR breakdown highlights that:

- of traditional life business;
- life and non-life underwriting risks, accounting for respectively 9% and 13% of the total SCR before diversification;
- health underwriting risk deriving from Standard Formula based entities accounting for 1% of the total SCR before diversification;
- operational risks contribute to the Group SCR for 7%. This contribution is due to Internal Model for 2020 and Standard Formula for 2019.

Compared to the previous year, there is a shift in the Group risk profile from financial risks to credit risks, mainly due to the asset allocation transactions carried out during the year, aimed at reducing the financial risk through a lower exposure to the equity sector, together with the purchase of long-term bonds with the aim of reducing the duration gap of the main life portfolios.
Each risk category is further detailed in the section D. Risk Profile.

MINIMUM CAPITAL REQUIREMENT COVERAGE

In addition to SCR coverage, the Group calculates the Minimum Consolidated Group SCR (MCR) coverage. The MCR calculation is required to determine the minimum level of capital, under which the Group would be exposed to an unacceptable level of risk when allowed to continue its operations.

The Minimum Solvency ratio[11] stands at 243% as at 31 December 2020, with a decrease of -15 p.p. in respect of previous year. In the following table, the MCR coverage is reported.

MCR Coverage

(€ million)	31/12/2020	31/12/2019
GOF to meet the MCR	40,219	41,597
MCR	16,523	16,103
Ratio of GOF to MCR	**243%**	**258%**

Based on last available information for 2020, official figures for 2019

To define MCR coverage, stricter own fund eligibility rules are applied compared to the ones previously used for the SCR[12]. In the following table, the split by tiers of the own funds covering the MCR is reported:

GOF to meet the MCR by tiering

(€ million)	31/12/2020	31/12/2019
Tier 1 unrestricted[13]	34,772	36,105
Tier 1 restricted	2,142	2,271
Tier 2	3,305	3,221
GOF to meet MCR	**40,219**	**41,597**

Based on last available information for 2020, official figures for 2019

SENSITIVITY ANALYSIS

In addition to the calculation of the Solvency Capital Requirement, the Group regularly performs sensitivity analyses of the variability of its Solvency ratio to changes in specific risk factors. The aim of these analyses is to assess the resilience of the Group capital position to the main risk drivers and evaluate the impact of a wide range of shocks.
For this purpose, several sensitivity analyses have been performed as at 31 December 2020, in particular:

- increase and decrease of interest rates by 50bps;
- increase of Italian government bonds spread (Buoni del Tesoro Poliennali - BTP) by 100bps;
- increase of corporate bonds spread by 50bps;
- increase and decrease of equity values by 25%.

The changes in terms of percentage points with respect to baseline scenario as at 31 December 2020 (Solvency ratio equal to 224%) are the following:

Sensitivity Analysis

(€ million)	Interest rates +50bps	Interest rates -50bps	BTP spread +100bps	Corporate spread +50bps	Equity +25%	Equity -25%
Delta on Solvency Ratio	+10 pps	-12 pps	-15 pps	+2 pps	+5 pps	-6 pps

Based on last available information for 2020.

During 2021, following EIOPA's review of the Solvency II risk free rates term structure, the UFR (Ultimate Forward Rate) will be further modified (for Euro, the UFR will be decreased by 15bps): the foreseen impact of such change as at 31 December 2020 Solvency ratio amounts to about -3 p.p..

11 The SCR, MCR and OF calculations disclosed are based on the last available information. More details on the Solvency Ratio will be disclosed in the Solvency and Financial Condition Report.
12 The amounts of tier 2 and tier 3 items eligible to cover the MCR are subject to stricter quantitative limits. The eligible amount of tier 1 items shall be at least 80% of the MCR; the same limitation on subordinated liabilities and preference shares is set. The eligible amounts of tier 2 items shall not exceed 20% of the MCR. No tier 3 items are allowed to cover the Minimum Capital Requirement. No capital from financial entities is considered.
13 Tier 1 includes also the unrealised gains and losses on French Institutions for Occupational Retirement Provision (IORP) business as agreed with the Supervisory Authority.

PARTIAL INTERNAL MODEL[14] (PIM)

The IM is considered to be the most appropriate way of assessing the Group SCR. It represents the best way of capturing the risk profile of the entire Group and of the legal entities in scope in terms of granularity, calibration and correlation of the various risk factors.

The IM is structured around a Risk Map, which contains all quantifiable risks that Generali Group has identified as relevant to its business, allowing for the calculation of the SCR at single risk level and at higher aggregation levels.

At Group level, following the authorization received in December 2020 for the extension to operational risks, the Group Partial Internal Model[15] covers all quantifiable risks[16] of the Group.

1. Group PIM Methodology

In order to calculate PIM SCR, the Group combines the results of the IM with two additional components: Standard Formula and other sectoral regimes, in order to meet the regulatory requirements. To this extent Generali has decided to opt for the so called "Two-World Approach" to aggregate different regimes and methodologies. Under this approach, the overall Group PIM is calculated summing up Solvency Capital Requirements evaluated with the approved IM methodology, with the SCR of Group legal entities based on Standard Formula and those entities where a sectoral solvency regime is applicable.

In implementing the PIM, the Group has adopted, for the entities that received an IM approval, the so-called Monte-Carlo approach with proxy functions to determine the Probability Distribution Forecast (PDF) of the changes in the basic own funds over a one-year horizon.

The own funds' probability distribution allows to determine the potential losses at any percentile for risks in scope and, in particular, the SCR corresponding to the 99.5th percentile. The risk measure applied is the VaR (Value at Risk). Monte-Carlo methods are used in the industry to obtain sound numerical results using the embedded characteristics of repeated random sampling to simulate the more complex real-world events. Proxy functions are mathematical functions that mimic the interaction between risk drivers and insurance portfolios to obtain the most reliable results.

The calibration procedure involves quantitative and qualitative aspects. The aggregation process uses advanced mathematical techniques following market best practices. Dependencies among risks are defined through the use of a so-called Copula approach that simulates the interaction between several risk drivers (elements that mimic the underlying sources of risk) throughout the simulations generated by the Monte-Carlo stochastic method.

2. IM Governance

Governance and processes regarding the IM are defined in the Internal Model Governance Group Policy, ensuring that:

- models and components are appropriate for their purpose;
- procedures are in place to design, implement, use and validate new models and model changes;
- the appropriateness of models on an ongoing basis is confirmed.

To rule the activities related to the Internal Model developments necessary to ensure its appropriateness over time and, more in general, to support the Internal Model change process, the Internal Model Change Group Policy has been also defined with the aim to specify roles and responsibilities in the implementation of major and minor changes.

A dedicated committee, the Internal Model Committee, has been established to review Group IM calibrations, and evaluate the proposals on all model methodologies, assumptions used, parameters, results, documentation and all other model related elements in order to support the Group Chief Risk Officer (GCRO) in the decision-making process on IM developments or model changes and to control the full model lifecycle, assuring proper compliance with the Internal Model Governance Group Policy. This Committee is chaired by the Model Design Authority, in the person of the Head of Group Enterprise Risk Management, responsible for ensuring the overall consistency and appropriateness of the Group IM. The members of the Internal Model Committee are all the Model Owners and the Model Design Authority and possibly further participants required by the Model Design Authority.

The GCRO defines the processes and controls to ensure the ongoing appropriateness of the design and operations of the Group IM, so that it continues to appropriately reflect the Group risk profile. The GCRO is also responsible for defining the methodology of each model component, based on the Group Internal Model Committee's proposals, as well as for the results' production and ultimately for submitting the relevant Internal Model reporting to the Board of Directors and to the Risk and Control Committee.

The Board of Directors, assisted by the Risk and Control Committee, ensures the ongoing appropriateness of the design and operations, the ongoing compliance of the Group IM and also that the Group IM continues to appropriately reflect the risk profile of the Group.

These roles are generally mirrored within the organizational structure of each Group legal entity within IM scope.

During the period the Internal Model Governance Group Policy and the Internal Model Change Group Policy have been updated in order to simplify and better specify some of the existing processes, without material changes with reference to the IM governance.

3. IM Validation

The IM is subject to validation review on an ongoing basis, which aims to gain independent assurance of the completeness, robustness and reliability of the processes and results of the IM as well as their compliance with the Solvency II regulatory requirements.

14 The internal model at Group level is defined as "Partial" because a limited number of entities still use the Standard Formula to determine the capital requirement.
15 Partial in terms of entities included in the scope of the Internal Model.
16 Main risks according to the Group risk map.

The IM is subject to validation review on an ongoing basis, which aims to gain independent assurance of the completeness, robustness and reliability of the processes and results of the IM as well as their compliance with the Solvency II regulatory requirements.
The validation process follows the principles and procedures defined within the Internal Model Validation Group Policy and related guidelines.
The validation outputs are designed to support Senior Management and Board of Directors in understanding the appropriateness of the IM, including areas of weaknesses and limitations, especially with regards to its use.
To ensure an adequate level of independence, the resources performing the validation activities are not involved in the development or operation of the IM.
Within the validation process, also results obtained during previous validation exercises are considered, as well as developments within internal and external business environment, financial market trends and IM changes. The Internal Model validation process excludes those aspects covered by the assurance work of the Group Actuarial Function (i.e. technical provisions and related IT systems, actuarial platforms and their governance).
Furthermore, the validation process also serves as an incentive mechanism to ensure timely and accurate incorporation of modelling refinements.
In order to warrant the appropriateness of the array of elements contained within the IM, the validation covers both the quantitative and qualitative aspects of the Internal Model and is therefore not limited to the calculation engine and methodology. Other important items such as data quality, documentation and uses of the Internal Model are validated accordingly.
The validation process is carried out on regular annual basis and when requested by the Senior Management or Board of Directors.

D. RISK PROFILE

LIFE UNDERWRITING RISK

Life and health underwriting risks derive from the Group's core insurance business in the life and health segments. The major part of the business and the related risks derive from direct portfolio underwritten by the Group. Health business represents a minor component of the portfolio.

Management Report, Our performance by country indicators, by premium volume and related geographic breakdown

Notes, Detailed information on insurance and investment contracts, for Group's life underwriting business key figures

The life portfolio consists of traditional business, which mainly includes insurance with profit participation, and unit-linked products. The prevailing component of traditional business includes products with insurance coverages linked to the policyholders' life and health. It also includes pure risk covers, with related mortality risk, and some annuity portfolios, with the presence of longevity risk. The vast majority of the insurance coverages include legal or contractual policyholder rights to fully or partly terminate, surrender, decrease, restrict or suspend the insurance cover or permit the insurance policy to lapse, or to fully or partially establish, renew, increase, extend or resume the insurance or reinsurance cover. For these reasons, the products are subject to lapse risk.

Life and health underwriting risks can be distinguished in biometric and operating risks embedded in the life and health insurance policies. Biometric risks derive from the uncertainty in the assumptions regarding mortality, longevity, health, morbidity and disability rates taken into account in the insurance liability valuations. Operating risks derive from the uncertainty regarding the amount of expenses and the adverse exercise of contractual options by policyholders. Policy lapse is the main contractual option held by the policyholders, together with the possibility to reduce, suspend or partially surrender the insurance coverage.

Life and health underwriting risks are:

- mortality risk, defined as the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in mortality rates, where an increase in mortality rates leads to an increase in the value of insurance liabilities. Mortality risk also includes mortality catastrophe risk, resulting from the significant uncertainty of pricing and provisioning assumptions related to extreme or irregular events;
- longevity risk, similarly to mortality, is defined as the risk resulting from changes in mortality rates, where a decrease in mortality rates leads to an increase in the value of insurance liabilities;
- disability and morbidity risks derive from changes in the disability, sickness, morbidity and recovery rates;
- lapse risk is linked to the loss or adverse change in liabilities due to a change in the expected exercise rates of policyholder options. The relevant options are all legal or contractual policyholder rights to fully or partly terminate, surrender, decrease, restrict or suspend insurance cover or permit the insurance policy to lapse. Mass lapse events are also considered;
- expense risk results from changes in the expenses incurred in servicing insurance or reinsurance contracts;
- health risk results from changes in health claims and also includes health catastrophe risk (for IM entities).

In addition to the risks above, the Group Risk Map includes also the going concern reserve risk, a German business specific risk that refers to misestimate of new business assumptions.

The approach underlying the life underwriting risk measurement is based on the calculation of the loss resulting from unexpected changes in biometric and/or operating assumptions. Capital requirements for life underwriting risks are calculated on the basis of the difference between the insurance liabilities before and after the application of the stress.

Life underwriting risks are measured by means of the PIM[17].

The SCR for life underwriting risk amounts to € 2,975 million before diversification (equal to 9% of total SCR before diversification). This is mainly given by expense[18] risk, followed by longevity and lapse risks. In terms of contribution to the risk profile, it is to be noted that life underwriting risks are well diversified with other risk categories. The overall contribution to the risk profile therefore remains limited.

Life underwriting risk management is embedded in the key underwriting processes being:

- product development and accurate pricing;
- ex-ante selection of risks through underwriting;
- setting and monitoring of operative underwriting limits;
- portfolio management and monitoring.

Product pricing consists in setting product features and assumptions regarding expenses, financial, biometric and policyholders' behaviour to allow the Group legal entities to withstand any adverse development in the realization of these assumptions.

For savings business, this is mainly achieved through profit testing, while for protection and health business with a biometric component, it is achieved by setting prudent assumptions.

Lapse risk, related to voluntary withdrawal from the contract, and expense risk, related to the uncertainty around the expenses that the Group expects to incur in the future, are evaluated in a prudential manner in the pricing of new products. This evaluation is taken into account in the construction and profit testing of a new tariff, considering the underlying assumptions derived from the Group's experience.

For insurance portfolios with a biometric risk component, comprehensive reviews of the mortality experience are compared with expected mortality of the portfolio, determined according to the most up-to-date mortality tables available in each market. To this end, mortality by sex, age, policy year, sum assured, and other underwriting criteria are taken into consideration to ensure mortality assumptions remain adequate and avoid the risk of misestimating for the next underwriting years.

The same annual assessment of the adequacy of the mortality tables used in the pricing is performed for longevity risk. In this case, not only biometric risks are considered but also the financial risks related to the minimum interest rate guarantee and any potential mismatch between the liabilities and the corresponding assets.

For the purpose of long-term health insurance pricing, the monitoring of health-related market claims and corresponding indexing mechanisms is performed.

As part of the underwriting process, Generali Group adopts underwriting guidelines. Risk Management Function reviews implications of new lines of business/products on the Group risk profile.

Moreover, a particular emphasis is placed on the underwriting of new contracts with reference to medical, financial and moral hazard risks. The Group has defined clear underwriting standards through manuals, forms, medical and financial underwriting requirements. For insurance riders, which are most exposed to moral hazard, maximum insurability levels are also set, lower than those applied for death covers. In order to mitigate these risks, policy exclusions are also defined.

Regular risk exposure monitoring and adherence to the operative limits, reporting and escalation processes are also in place, allowing for potential remediation actions to be undertaken.

Given the 2020 context, due to Covid-19, the monitoring process has been strengthened to ensure that data related to premiums, lapses and the impact of the pandemic on mortality, morbidity and health claims are collected on a continuous basis. In particular, the monitoring frequency was increased from annual to monthly.

Finally, reinsurance represents the main risk mitigation technique. The Parent Company acts as core reinsurer for the Group legal entities and cedes or retrocedes part of the underwritten risks to external reinsurers.

The Group reinsurance strategy is developed consistently with the risk appetite and with the risk preferences defined in the Group RAF, and with the reinsurance market cycle. The reinsurance process and the definition of reinsurance arrangements are managed by Group Reinsurance Function in constant interaction with Risk Management and Actuarial Functions.

NON-LIFE UNDERWRITING RISK

Non-life underwriting risks arise from the Group's insurance business in the P&C segment.

Management Report, Our performance by country indicators, by premium volume and related geographic breakdown

Notes, Detailed information on insurance and investment contracts, for technical provisions

Non-life underwriting risks include the risk of underestimating the frequency and/or severity of the claims in defining pricing and reserves (respectively pricing risk and reserving risk), the risk of losses arising from extreme or exceptional events (catastrophe risk) and the risk of policyholder lapses from P&C insurance contracts (lapse risk). In particular:

- pricing and catastrophe risks derive from the possibility that premiums are not sufficient to cover future claims, also in connection with extremely volatile events and contract expenses;
- reserving risk relates to the uncertainty of the claims reserves (in a one-year time horizon);
- lapse risk arises from the uncertainty of the underwriting profits recognised in the premium provisions.

17 For the scope of the PIM please refer to section A. Executive Summary. Entities not included in the IM scope calculate the capital requirement based on Standard Formula or the capital requirements of sectoral regime.
18 Including also the *Going Concern reserve*.

Non-life underwriting risks are measured by means of the PIM[19]. For the majority of risks assessed through the PIM, the valuations are based on in-house developed models and external models that are primarily used to assess the catastrophic events, for which broad market experience is considered beneficial.

The capital requirement for non-life underwriting risk amounts to € 4,307 million before diversification (equal to 13% of total SCR before diversification). This is mainly given by reserve and pricing risks, followed by CAT risk. Non-life lapse risk contributes only for a marginal amount to the risk profile.

Moreover, the Group uses additional indicators for risk concentrations. This is specifically the case for catastrophe risks and commercial risks, which are both coordinated at central level as they generally represent a key source of concentration.

In terms of CAT risk, the Group's largest exposures are earthquakes in Italy, European floods and European windstorms. Less material catastrophe risks are also taken into account and assessed by means of additional scenario analysis.

At the same time, there is a constant on-going improvement to consider risk metrics within profitability metrics and to use risk adjusted KPIs in decision making processes.
Based on the Group RAF, P&C risk selection starts with an overall proposal in terms of underwriting strategy and corresponding business selection criteria. During the strategic planning process, targets are established and translated into underwriting limits to ensure business is underwritten according to the plan. Underwriting limits define the maximum size of risks and classes of business that Group legal entities shall be allowed to write without seeking any additional or prior approval. The limits may be set based on value, risk type, product exposure or class of occupancy. The purpose of these limits is to attain a coherent and profitable book of business founded on the expertise of each legal entity.
Additional indicators such as relevant exposures, risk concentration and risk capital figures are used for the purpose of P&C underwriting risk monitoring. The indicators are calculated at least on a half-yearly basis to ensure alignment with the Group RAF.

Given the 2020 context, due to Covid-19, the monitoring process has been strengthened to ensure that the premium collection, frequency and severity of claims and the consequent impact on the combined ratio are continuously updated, in particular for the sectors mostly exposed to pandemic.

Reinsurance is the key mitigation technique for balancing the P&C portfolio. It aims to optimize the use of risk capital by ceding part of the underwriting risk to selected counterparties, whilst simultaneously minimizing the credit risk associated with such operations.
The P&C Group Reinsurance Strategy is developed consistently with the risk appetite and the risk preferences defined in the Group RAF on one side and taking into account the reinsurance market on the other.
The Group has historically preferred traditional reinsurance as a tool for mitigating catastrophe risk resulting from its P&C portfolio, adopting a centralized approach where the placement of reinsurance towards the market is managed through a central Group Reinsurance Function.
The Group aims at diversifying its cessions to reinsurers to avoid excessive concentrations, to optimize its reinsurance purchases, including from a pricing perspective, and to continuously develop know-how in the most innovative risk transfer techniques. For this reason, part of the Italian earthquake, European flood and European windstorm exposures are carved out from the traditional catastrophe reinsurance program and placed in the Insurance Linked Securities (ILS) market. This innovative issuance was completed successfully and at competitive terms.

FINANCIAL RISK AND CREDIT RISK

The Group invests collected premiums in a wide variety of financial assets, with the purpose of honouring future obligations to policyholders and generating value for its shareholders.
As a result, the Group is exposed to the financial risks driven by either:
- invested assets not performing as expected because of falling or volatile market prices;
- reinvested proceeds of existing assets being exposed to unfavourable market conditions, typically as lower interest rates.

Generali Group traditional life savings business is long-term in nature; therefore, the Group holds mostly long-term investments which can withstand short-term decreases and fluctuations in the market value of assets.
Nonetheless, the Group manages its investments in a prudent way according to the so-called Prudent Person Principle[20], and strives to optimize the return of its assets while minimizing the negative impact of short-term market fluctuations on its solvency position.
Under Solvency II, the Group is also required to hold a capital buffer, with the purpose of maintaining a sound solvency position even in the circumstances of adverse market movements.

To ensure a comprehensive management of the impact of financial and credit risks on assets and liabilities, the Group Strategic Asset Allocation (SAA) process needs to be liability-driven and strongly interdependent with insurance-specific targets and constraints. For this reason, the Group has integrated the Asset Liability Management (ALM) and the Strategic Asset Allocation (SAA) within the same process.
The aim of the ALM&SAA process is to define the most efficient combination of asset classes which, according to the Prudent Person

19 For the scope of the PIM please refer to section A. Executive Summary. Entities not included in the IM scope calculate the capital requirement based on Standard Formula or the capital requirements of sectoral regime.
20 The Prudent Person Principle set out in Article 132 of Directive 2009/138/EC requires the company to only invest in assets and instruments whose risks can be identified, measured, monitored, controlled and reported as well as taken into account in the company overall solvency needs. The adoption of this principle is ruled in the Group Investment Governance Policy (GIGP).

Principle, maximizes the investment contribution to value creation, considering solvency, actuarial and accounting indicators. The aim is not just to mitigate risks but also to define an optimal risk-return profile that satisfies both the return target and the risk appetite of the Group over the business planning period.
The assets' selection is performed by taking into consideration the risk profile of the held liabilities so to ensure that they are covered by appropriate and sufficient assets. This selection process aims at guaranteeing the security, quality, profitability and liquidity of the overall portfolio, providing an adequate diversification of the investments.
The asset portfolio is then invested and rebalanced according to the asset class and duration weights. The main risk mitigation techniques used by the Group are liability-driven management of the assets and regular use of rebalancing.
The liability driven investment helps granting a comprehensive management of assets whilst taking into account the liability structure; while, at the same time, the regular rebalancing redefines target weights for the different asset classes and durations, alongside the related tolerance ranges defined as investment limits. This technique contributes to an appropriate mitigation of financial risks.
ALM&SAA activities aim at ensuring the Group holds sufficient and adequate assets to reach defined targets and meet liability obligations. For this purpose, analyses of the asset-liability relationship under a range of market scenarios and expected/stressed investment conditions are undertaken.
The Group works to ensure a close interaction between the Investment, Finance (incl. Treasury), Actuarial and Risk Management Functions to secure that the ALM&SAA process remains consistent with the Group RAF, the strategic planning and the capital allocation mechanisms. The annual SAA proposal:

- defines target exposure and limits for each relevant asset class, in terms of minimum and maximum exposure allowed;
- embeds the asset and liabilities duration mismatches permitted and potential mitigation actions that can be enabled on the investment side.

Regarding specific asset classes such as (i) private equity, (ii) alternative fixed income, (iii) hedge funds, (iv) derivatives and structured products, the Group has mainly centralized their management and monitoring. These kinds of investments are subject to accurate due diligence in order to assess their quality, the level of risk related to the investment and its consistency with the approved liability-driven SAA.

The Group also uses derivatives with the aim of mitigating the risk present in the asset and/or liability portfolios. The derivatives help the Group to improve the quality, liquidity and profitability of the portfolio, according to the business planning targets. Operations in derivatives are likewise subject to a regular monitoring and reporting process.

Given the 2020 context, specific risk mitigation actions for financial and credit risks on exposures to economic sectors mostly impacted by the Covid-19 have been put in place.

In particular:

- for the Equity portfolio actions have been implemented to reduce the exposures to the sectors more affected by the pandemic through divestments, hedging strategies, and reallocation of the investments towards more defensive sectors and financial instruments
- for the bond portfolio, in order to monitor possible sudden deterioration of the credit worthiness, it has been implemented a weekly monitoring reporting of the issuers subject to rating downgrade or to a spread widening that might hint to an increase of their probability of default.

In addition to the risk tolerance limits set on the Group solvency position within the Group RAF, the current Group risk monitoring process is also integrated by the application of the Investments Risk Group Guidelines (IRGG). The IRGG include general principles, quantitative risk limits (with a strong focus on credit and market concentration), authorization processes and prohibitions that Group entities need to comply with.

Financial Risk

Within the life business, the Group assumes a considerable financial risk related to guarantees to policyholders with a minimum return on the accumulated capital over a potentially long period. If the yields generated by the financial investments are lower than the guaranteed return during this period, then the Group shall compensate the shortfall for those contractual guarantees. In addition, independently on the achieved asset returns, the Group has to secure that the value of the financial investments backing the insurance contracts remains sufficient to meet the value of its obligations.
Unit-linked business typically does not represent a source of financial risk for insurers (except when there are guarantees embedded in the contracts), although market fluctuations typically have profitability implications.
Regarding P&C business, the Group has to ensure that the benefits can be paid on a timely basis when claims occur.

In more detail, the Group is exposed to the following generic financial risk types:

- equity risk deriving from the risk of adverse changes in the market value of the assets or in the value of liabilities due to changes in the level of equity market prices which can lead to financial losses;
- equity volatility risk deriving from changes in the volatility of equity markets. Exposure to equity volatility is typically related to equity option contracts or to insurance products sold with embedded guarantees whose market consistent value is sensitive to the level of equity volatility;

- interest rate risk, defined as the risk of adverse changes in the market value of the assets or in the value of liabilities due to changes in the level of interest rates in the market. The Group is mostly exposed to downward changes in interest rates as lower interest rates increase the present value of the promises made to policyholders more than the value of the assets backing those promises. As a result, it may become increasingly costly for the Group to maintain its promises, thereby leading to financial losses;
- interest rate volatility risk derives from changes in the level of interest rate implied volatilities. This comes, for example, from insurance products sold with embedded minimum interest rate guarantees whose market consistent value is sensitive to the level of interest rates volatility;
- property risk deriving from changes in the level of property market prices. Exposure to property risk arises from property asset positions;
- currency risk deriving from adverse changes in exchange rates;
- concentration risk deriving from asset portfolio concentration to a small number of counterparties.

Notes, Investments, for further details on the Group's key figures and financial assets

Financial risks are measured by means of the PIM[21]. In particular:
- equity risk is modelled by associating each equity exposure to a market index representative of its industrial sector and/or geography. Potential changes in market value of the equities are then estimated based on past shocks observed for the selected indices;
- equity volatility risk models the impact that changes in the equity implied volatility can have on the market value of derivatives;
- interest rate risk models the changes in the term structure of the interest rates for various currencies and the impact of these changes on any interest rate sensitive asset and on the value of future liability cash-flows;
- interest rate volatility risk models the impact that the variability in interest rate curves can have on both the market value of derivatives and the value of liabilities sensitive to interest rate volatility assumptions (such as minimum pension guarantees);
- property risk models the returns on a selection of property investment indices and the associated impact on the value of the Group's property assets. These are mapped to various indices based on property location and type of use;
- for currency risk, the plausible movements in exchange rate of the reporting currency of the Group in respect to foreign currencies are modelled, as well as the consequent impact on the value of asset holdings not denominated in the domestic currency;
- for concentration risk the extent of additional risk borne by the Group due to insufficient diversification in its equity, property and bond portfolios is assessed.

The SCR for financial risk amounts to € 13,660 million before diversification (equal to 42% of total SCR before diversification). This is mainly driven by equity risk, followed by interest rate, property and currency risk.

Credit Risk

The Group is exposed to credit risks related to invested assets and those arising from other counterparties (e.g. cash, reinsurance).

Credit risks include the following two categories:
- spread widening risk, defined as the risk of adverse changes in the market value of debt security assets. Spread widening can be linked either to the market's assessment of the creditworthiness of the specific obligor (often implying also a decrease in rating) or to a market-wide systemic reduction in the price of credit assets;
- default risk, defined as the risk of incurring in losses because of the inability of a counterparty to honour its financial obligations.

Notes, Investments, for the overall volume of assets subject to credit risk please refer to the volumes of bonds and receivables (including reinsurance recoverable)

Credit risks are measured by means of the PIM[22]. In particular:
- credit spread risk models the possible movement of the credit spread levels for bond exposures of different rating, industrial sector and geography based on the historical analysis of a set of representative bond indices. Spread-sensitive assets held by the Group are associated with specific indices based on the characteristics of their issuer and currency;
- default risk models the impact of default of bond issuers or counterparties to derivatives, reinsurance and other transactions on the value of the Group's assets. Distinct modelling approaches have been implemented to model default risk for the bond portfolio (i.e. credit default risk) and the risk arising from the default of counterparties in cash deposits, risk mitigation contracts (such as reinsurance), and other types of exposures (i.e. counterparty default risk).

The IM's credit risk model evaluates spread risk and default risk also for sovereign bond exposures. This approach is more prudent than the Standard Formula, which treats bonds issued by EU Central Governments and denominated in domestic currency as exempt from credit risk.

The SCR for credit risk amounts to € 8,761 million before diversification (equal to 27% of total SCR before diversification). Credit risk is mostly driven by spread risk on fixed income securities, while the contribution to SCR of the counterparty risk (including reinsurance default) remains more limited.

The credit risk assessment is based on the credit rating assigned to counterparties and financial instruments. To limit the reliance on external rating assessments provided by rating agencies, an internal credit rating assignment framework has been set within the Risk Management Group Policy.

Within this framework additional rating assessments can be performed at counterparty and/or financial instrument level and ratings need to be renewed at least annually. This process applies even where an external

21 For the scope of the PIM please refer to section A. Executive Summary. Entities not included in the IM scope calculate the capital requirement based on Standard Formula or the capital requirements of sectoral regime..
22 For the scope of the PIM please refer to section A. Executive Summary. Entities not included in the IM scope calculate the capital requirement based on Standard Formula or the capital requirements of sectoral regime.

rating is available. Moreover, additional assessments shall be performed each time the parties involved in the process possess any information, coming from reliable sources, that may affect the creditworthiness of the issuer/issues.
The internal credit rating assignment system at counterparty level is based on the evaluation of quantitative metrics and qualitative elements. The risk elements that are considered, among others, are referred to the assessment of the riskiness of the sector to which the counterparties belong, of the country in which their activities are carried out, and of the controlling group, where present. At financial instrument level, instead, the risk of the issuer is one of the main elements considered, together with the peculiarities of the instrument itself.

The most important strategy for the mitigation of credit risk used by the Group is the application of a liability-driven SAA, which can limit the impact of the market spread volatility. In addition, the Group is actively mitigating counterparty default risk by using, where feasible like e.g. for derivative transactions, collateralisation strategies mitigating the losses the Group might suffer as a result of the default of one or more of its counterparties.

OPERATIONAL RISK

Operational risk is the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events. The definition includes the compliance risk and financial reporting risk while strategic and reputational risks are excluded.

The operational risks to which Generali Group is exposed are identified and detailed within the Risk Map defined in the Risk Management Group Policy and in the Operational Risk Management Group Policy.

Following the approval of the Supervisory Authority, starting from 31 December 2020 operational risks are measured by means of the IM[23]. In particular, the operational risk capital is calculated using a scenario-based approach based on expert judgement: risk owners and experts provide estimates for frequency and severity for each operational risk category. Only material operational risks are then considered as input for the internal model calibration. The probability distributions of losses over one-year horizon are thus derived which are subsequently aggregated in order to obtain the annual loss distribution allowing to determine the capital requirement at a confidence level of 99.5% (as per Solvency II principles).

This approach allows to better reflect Group risk profile capturing its specificities. The SCR for operational risk amounts to € 2,341 million before diversification (equal to 7% of total SCR before diversification).

On the basis of the most recent assessments carried out, the most relevant scenarios for the Group are linked to cyber-attacks and to the customer data protection, followed by other IT scenarios (dysfunctions of IT infrastructures and applications), as well as the risks of product flaws, distribution and relationship management with clients (also in light of the issue of local secondary regulations implementing the Insurance Distribution Directive), and the risks of non-compliance with anti-money laundering regulations and international sanctions.
Given the context of 2020, as a result of Covid-19, the monitoring process was strengthened with regard to possible impacts on people (management of employee relations and workplace environment), processes (business continuity, management of outsourcers) and IT systems (cyber-attacks, IT infrastructures and applications dysfunctions). The Group has faced this scenario by promptly defining action plans, such as the introduction of remote working and extraordinary measures for workplace safety or the strengthening of IT infrastructures, which led to an effective risk exposure mitigation.

In terms of governance, the ultimate responsibility for managing the risk sits in the first line, the so-called risk owners, whereas the Risk Management Function with its methodologies and processes ensures an early identification of the most severe threats across the Group. In this way, management at all levels is guaranteed with a holistic view of the broad operational risk spectrum that is essential for prioritizing actions and allocating resources in most risk related critical areas.
The target is achieved by adopting methodologies and tools in line with industry best practices and by establishing a strong dialogue with the first line of defence.
To further strengthen the risk management system and in addition to the usual risk owners' responsibilities, the Group has established specialised units within the first line of defence with the aim of dealing with specific risks (relating, for example, to cyber-attacks, fraud events and financial reporting risk) acting as a key partner for the Risk Management Function.
An example is the creation of a dedicated unit for the management and coordination of the Group-wide IT Security (cyber risk) that steers the evolution of the IT security strategy and operating model, ensuring a timely detection and resolution of the vulnerabilities that may affect the business.

Finally, it should be noted that Generali Group exchanges operational risk data, properly anonymized, through the Operational Risk data eXchange Association (ORX), a global association of operational risk practitioners where main banking and insurance players at global level also participate. The aim is to use the data to improve the risk management and to anticipate emerging trends. In addition, since losses are collected by the first line, the process contributes to create awareness among the risk owners upon risks that could impact the Group. In this sense, a primary role is played by Group-wide forward-looking assessments that aim to estimate the evolution of the operational risk exposure in a given time horizon, supporting in the anticipation of potential threats, in the efficient allocation of resources and related initiatives.

The loss data collection integrates the previously mentioned scenario analysis (forward-looking perspective) with a backward perspective, thus allowing for a comprehensive assessment of operational risks

23 For the scope of the PIM please refer to section A. Executive Summary. Entities not included in the IM scope calculate the capital requirement based on Standard Formula or the capital requirements of sectoral regime.

OTHER MATERIAL RISKS

Liquidity Risk

Liquidity risk is defined as the uncertainty, related to business operations, investment or financing activities, over the ability of the Group and its legal entities to meet payment obligations in a full and timely manner, in a current or stressed environment.

The Group is exposed to liquidity risk from its insurance and reinsurance operating activity, due to the potential mismatches between the cash inflows and the cash outflows deriving from the business.
Liquidity risk can also stem from investing activity, due to potential liquidity gaps deriving from the management of the asset portfolio as well as from a potentially insufficient level of liquidity in case of disposals (e.g. capacity to sell adequate amounts at a fair price and within a reasonable timeframe).
Liquidity risk from financing activity is related to the potential difficulties in accessing external funding or in paying excessive financing costs.
The Group can be also exposed to liquidity outflows related to issued guarantees, commitments, derivative contract margin calls or regulatory constraints.

The Group liquidity risk management framework relies on projecting cash obligations and available cash resources over a 12-month time horizon, to monitor that available liquid resources are at all times sufficient to cover cash obligations that will become due in the same horizon.

A liquidity risk metric (liquidity indicator) has been defined to monitor the liquidity situation of each Group insurance legal entity on a regular basis. Such metric is forward-looking, i.e. it is based on projections of cash flows, stemming both from assets and liabilities and on the assessment of the level of liquidity and ability to sell of the asset portfolio at the beginning of period.
The metric is calculated under both the so-called base scenario, in which the values of cash flows and assets correspond to those projected according to each legal entity's Strategic Plan scenario, and the so-called liquidity stress scenario, in which the projected cash inflows and outflows and the market price of assets are calculated to take into account unlikely but plausible circumstances that would adversely impact the liquidity of each Group insurance legal entity.
Liquidity risk limits have been defined in terms of value of the above-mentioned liquidity indicator. The limit framework is designed to ensure that each Group legal entity holds an adequate buffer of liquidity in excess of the amount required to withstand the adverse circumstances described in the stress scenario.

The Group has defined a metric to measure liquidity risk at Group level, based on the liquidity metric calculated at legal entity level. The Group manages expected cash inflows and outflows to maintain a sufficient available level of liquid resources to meet its medium-term needs. The Group metric is forward-looking and is calculated under both the base and liquidity stress scenario; liquidity risk limits have been defined in terms of value of the above-mentioned Group liquidity risk indicator.

The Group has established clear governance for liquidity risk management, including specific limit setting and the escalation process in case of limit breaches or other liquidity issues.
The principles for liquidity risk management designed at Group level are fully embedded in strategic and business processes, including investments and product development.
Since the Group explicitly identifies liquidity risk as one of the main risks connected to investments, indicators as cash flow duration mismatch are embedded in the SAA process. Investment limits are set to ensure that the share of illiquid assets remains within the level that does not impair the Group's asset liquidity.
The Group has defined in its Life and P&C Underwriting and Reserving Group Policies the principles to be applied to mitigate the impact on liquidity from surrenders in life business and claims in non-life business.

Despite Covid-19 external context, all the expected 2020 Group cash remittances have been secured, contributing to the Parent Company's significant cash position.

The Board of Directors, in view of the requests of the Supervisory Authority on dividends pay-out under the Covid-19 emergency, decided to postpone to 2021, subject to a positive Regulatory position, the distribution of the second tranche of 2019 dividend, which is therefore currently available as the liquidity for the Group.

Management Report, Debt and liquidity, p.79 for further details on the management of financial liabilities and of the related maturities, including exhaustive analysis on liabilities linked to financial activities and on available liquidity in terms of cash and cash equivalents

Notes, Detailed information on insurance and investments contracts for the management of insurance liabilities

Concentration risk

Concentration risk is the risk stemming from all risk exposures with a potential loss which is large enough to threaten the solvency or the financial position.

The Group identifies three categories of exposures in terms of main sources of concentration risk for the Group:
- investment exposures stemming from investment activity;
- exposures to reinsurance counterparty default risk stemming from ceded reinsurance;
- non-life underwriting exposures, specifically natural disasters or man-made catastrophes.

Investment concentrations at Group level are managed through the Risk Concentrations Management Group Policy - Investment Exposures. This policy defines a comprehensive framework for managing concentrations arising from investments.

In particular, the framework defines the categories against which the concentration must be measured: ultimate, geography, industry sector and currency.

The metrics for measuring concentrations related to investments are based on both market value and Risk Based Exposure (Risk Based Exposure is calculated by multiplying the market value by a stress coefficient identified in coherence with the Internal Model considering the risk profile of each individual position in terms of rating, country of issue, asset type and type of sector).

The exposure is subject to specific concentration limits (above which the Board of Directors approval is needed) and concentration reporting thresholds (above which the exposure is reported to the Board of Directors for informative purposes). The concentration limits are set to prevent exposures that could endanger the solvency or liquidity position of the Group or substantially change the Group risk profile or undermine the interests of policyholders and/or those entitled to insurance benefits.

In addition, the policy sets also additional thresholds to avoid an excessive concentration on the total debt of the Issuer (or Issuer's vote rights for equity).

The concentrations on investments are monitored on a regular basis and in any case positions exceeding the reporting thresholds they are reported on half yearly basis to the Board of Directors.

The Group has developed a specific framework for identifying, measuring, monitoring, managing and reporting Group risk concentrations stemming from exposures to reinsurance counterparties and non-life underwriting exposures, within the Risk Concentrations Management Group Policy – Reinsurance and Underwriting Exposures.

Reputational and Emerging Risk

Although not included in the calculation of SCR, the following risks are also assessed:

- reputational risk referring to potential losses arising from deterioration or a negative perception of the Group among its customers and other stakeholders. Within the Reputational Risk Group Guideline, reputational risks are mostly considered second order risks, directly referred to ESG[24] related transactions or consequent to operational risks;
- emerging risks arising from new trends or evolving risks which are difficult to perceive and quantify, although typically systemic. The most important are the environmental trends and climate change, technological changes and digitalization, geopolitical developments and demographics and social changes. For the identification and the assessment of these risks and to raise the awareness on the implications of the emerging trends, the Group Risk Management Function engages with a dedicated network, including specialists from business functions (e.g. Group Life & Health Insurance, Group P&C, Group Reinsurance, Group Investments, Asset & Wealth Management, Group Strategic Planning & Control, Group Data & Digital, Group Integrated Reporting, Group Chief Marketing & Customer Officer, Group Strategy and Group Sustainability & Social Responsibility given the relevant interrelation with ESG factors).
- The Group also participates to the Emerging Risk Initiative (ERI), a dedicated working group of the CRO Forum, which involves the CROs of the main European groups. Within ERI emerging risks common to the insurance industry are discussed and published in the ERI Radar as well as specific studies on selected emerging risks. During 2020 the Group coordinated the preparation of CRO Forum Paper on demographic and social risks and their impact on the insurance industry Imagine all the people - Demographics and social change from an insurance perspective as well as the updating of the ERI Radar, both available on the CRO Forum website.
- Finally, it should be noted that in 2020 the project initiative on Climate Change Risk continued, aimed at defining a reference framework for the management of risk related to climate change.

Challenges and opportunities of the market context, p. 20, for more details on climate change, including the Climate Change Risk project, demographics and digitalization

www.generali.com/what-we-do/emerging-risks for more details on emerging risks

24 ESG stands for Environmental, Social and Governance

OUTLOOK

Despite a scenario that continues to be highly uncertain, the more optimistic forecasts relating to the dissemination and the effectiveness of the vaccines contributed to further strengthening the prospects of investors in the global economy in 2021. In the short term, with world GDP expected to fall by 3.8% in 2020, the objective of monetary and fiscal policy in both Europe and the US will be to sustain a cyclical recovery, by bringing production to pre-crisis levels. In Europe, the funds of the Next Generation EU will start to flow in 2021, guaranteeing continuous support; in the US, a new fiscal stimulus package in excess of $ 1,000 billion could be approved in the first quarter of 2021, in addition to the $ 900 billion passed in December 2020. The true key factor for 2021-2022 growth expectations will be the effectiveness of the vaccines. A GDP rebound of 4% is forecast in 2021 for the Eurozone and 6.8% for the US. Inflation will not be a problem in either of the two macro-areas, although an increase compared to the minimum level in 2020, considered the huge economic stimulus.
The FED's change of strategy has exceeded expectations, particularly for having focused on an employment objective that is more inclusive of the needier brackets of the population.
With regard to the financial markets, after the significant fall in the first quarter due to the outbreak of the pandemic, the stock market bounced back considerably in the remainder of the year, although volatility continued to be high. Furthermore, in November, the propensity to risk rose both due to the end of uncertainties provoked by the outcome of the US elections, and due to promising news about vaccines, which has led us to hope in a more substantial recovery in 2021. The central banks will continue to provide significant support, which could benefit higher risk assets. Expectations at one year for core government interest rates are a modest rise, while the BTP-Bund spread should remain substantially stable. European investment grade spreads are also expected to moderately tighten. On a one-year horizon, the stock market should report positive returns, both in Europe and in the US, with total returns expected to be between 5% and 10%.

With regard to the insurance sector as a whole, in 2021, it should benefit from the above-cited economic recovery: the demand for Life insurance products, although in recovery, will remain weak as households will continue to be prudent in terms of both investment and consumption. Property & Casualty premiums are expected to resume growth, at a faster pace than that before the pandemic.

In this context, the Group confirms and continues with its strategy to rebalance the Life portfolio in order to further increase its profitability and with a more efficient capital allocation, also backed by an in-depth analysis of existing portfolios. Simplification and innovation will continue to be key, with the introduction of a range of modular product solutions, designed for the specific requirements and new needs of customers, and marketed through the most suitable, efficient and modern distribution channels. The Generali's objective to be a Lifetime Partner to its customers will be the priority underpinning all Life and Health business development processes. This strategic direction is a perfect fit with the approach adopted for new business growth through the selective development of business lines such as protection and health, as well as of capital-light savings and investment insurance solutions. The development of these lines aims to offer a wide range of insurance solutions adapted to risk and investment profiles for the benefit of both the policyholders and the Group. In particular, for products in the protection line, we aim to offer modular solutions in which traditional risk coverage is combined with substantial service packages to provide even better prevention, information, management and resolution of the critical areas subject to coverage. Amongst the capital-light products, unit-linked products are increasingly characterized by financial mechanisms that are able to handle potential market contractions (e.g. protected funds). Greater attention will be paid to the development of insurance solutions that include ESG sustainable features, which play an increasingly greater role in the choices of customers who are particularly interested in socio-environmental issues, but also wish to obtain a good return on their investment.
With regard to in-force business, efforts will continue to strengthen relations with existing customers on the basis of an updated analysis of current insurance needs.
Premium trends will continue to reflect the Group's common goals, driven by a focus on the central importance of the customer's interests and by a prudent underwriting policy consistent with the Risk Appetite Framework, which is focused on continuous value creation through its products.

With regard to the Property & Casualty insurance segment, which was also affected at global level by the Covid-19 pandemic, the Generali Group managed to maintain premiums stable, at the same time improving on the already excellent technical profitability. The objective for the mature insurance markets in which the Group operates is to maximise growth in each of the respective economic contexts and, in parallel, gain ground in high growth potential markets by expanding our presence and offer in the territory.
In the motor line, the restrictions on private and public mobility resulting from the lockdown measures led, on one hand, to better profitability due to the fall in claim frequency and, on the other hand, significant pressure on premiums due to increased competitiveness and the decrease in new registrations. The Generali's aim is to continue to develop innovative insurance solutions that guarantee a competitive edge and the business line's profitability.
In line with the strategic priorities for profitable growth and, above all, to become a Lifetime Partner to our customers, the development of the non-motor line will focus on modular insurance solutions designed to meet the specific requirements and the new needs of customers, providing innovative services, prevention and assistance with the support of digital tools and platforms (such as the coverage of cyber risks, which became extremely important in the lockdown period due to the extensive adoption of smart working). Growth in this segment will also be supported by taking advantage of the opportunities offered by demographic and social changes, new markets and moving forward with distribution channel and partnership initiatives. To handle these changes, the Group has rolled out a number of initiatives to exploit the opportunities offered by new technologies, both to speed up claims settlements and to increase market penetration. These initiatives will continue to be accompanied by a disciplined approach to risk underwriting, the optimisation of portfolio management - pricing, selection and profitability of risks - and careful assessments of the customer's new requirements, which are placed at the heart of product development.
The P&C segment's management - also considering the low level of capital absorption of these products - will therefore continue to be a cornerstone for the implementation of the Group's strategy, whose objective is to maintain its leadership role in the European insurance market for private individuals, professionals and SMEs.

The spread of the pandemic also impacted the reinsurance market, from both a technical and financial perspective. Although there is still great uncertainty as to the actual entity of Covid-19 claims for the reinsurance sector, with estimates by analysts ranging from $ 30 to $ 140 billion, an impact on a par with the worst natural disasters that have ever occurred in the history of (re)insurance is forecasted. This is taking place after years of increasingly narrow margins for reinsurers who, in recent years, have found it extremely difficult, and have not always succeeded in obtaining adequate returns on capital.

Even though there is sufficient capacity in the market to cover the requirements of ceding insurance companies, the need to improve technical results paired with poor profits resulting from financial investments has caused a turnaround in the reinsurance cost trend, with significantly higher costs, particularly in sectors that have experienced the most claims (for example that of aeronautical risks). Stricter regulations that have led to the introduction of exclusions in contracts, such as that of pandemic or cyber risk, have made negotiations to renew reinsurance contracts even more difficult.

The technical quality of the Group's portfolio, as well as its presence in less sensitive areas for reinsurers, have enabled the negative impact of contract renewals to be limited, thus placing the Group in the lower end of the average cost increases range in the market. Industry analysts predict that this inversion of the cycle is going to last for several years.

As regards prospects for 2021, following efforts made in 2020, for all asset classes in general we will continue to pursue a policy to diversify and to improve the risk/return profile of the investment portfolio.

With regard to the Asset Management segment, work will continue in 2021 to identify investment opportunities and sources of income by expanding the multi-boutique platform to extend the product catalogue in terms of real assets, high conviction and multi-asset strategies for customers and partners.

This platform, which is at present mainly based in Europe, aims to become global with the increase in revenues and assets under management (AUM) that will result from external customers that do not fall within the scope of the Group's insurance policies.

With reference to the investment policy, the Group will continue to pursue an asset allocation strategy aimed at consolidating current returns and ensuring consistency with liabilities to policyholders.

As regards the strategy for fixed-income investments, in order to efficiently manage the matching between assets and liabilities, the Group will continue to mainly use long-term government bonds with high credit ratings.

Alternative investments and investments in real assets continue to be an important part of the strategy due to their contribution to portfolio diversification and return, particularly in the persistent context of low interest rates. The Group continues to develop a multi-boutique insurance asset manager platform to enhance the investment ability in these market sectors and better monitor their management in terms of complexity and liquidity.

The strategic direction of investments in the stock market, given current market volatility, continues to be prudent, but ready to seize any opportunities, particularly those that guarantee a high level of diversification.

New direct investments in the real estate sector will be primarily oriented towards the European market, while investments in the United States and Asia will be made selectively through funds.

In all asset classes, the Group's policy is focused on ESG and sustainability aspects, prioritising investments that are consistent with green energy policies to reduce climate change risk.

During 2020, implementation of the strategic initiatives linked to the Generali 2021 plan continued, with a view to consolidating its leadership in Europe and strengthening its position in high-potential markets, financial optimisation, and the innovation and digital transformation of the operating model.

The context characterised by the Covid-19 crisis and by the high volatility of the financial markets represented yet another challenge for the insurance sector. In addition, the scenario continues to be marked by low interest rates in Europe and not only, which poses new challenges above all in the traditional Life segment and, as a result, making the need to redesign the offer of these products even more pressing.

As regards financial optimisation, note that the reduction of annual gross interest expense has accelerated, which has enabled the maximum objectives announced to the market to be surpassed, envisaging a reduction against 2017 of € 200 million at the end of 2021, compared to the target of € 70-140 million, as well as positioning itself above the minimum threshold in terms of reduction of debt by € 1.9 billion.

Further cost savings in European insurance markets of another € 100 million are envisaged with respect to the target announced to the market in 2018, bringing the overall target to € 300 million by 2021.

The Group is continuing to follow its strategy of growth driven by the technical components and by the solidity of the Group's distribution network. Recent expansion operations both in eastern Europe, in asset management and in Portugal made a positive contribution. Furthermore, the recent strategic partnership with Cattolica Assicurazioni in Italy is of note.

The Group's priority is to combine better performance with a strong commitment to sustainability, for which we have stated clear and precise objectives to the market. We will continue on our path of full integration of sustainability into our key activities, with a focus on climate change, both as regards direct impacts and in relation to the insurance solutions offered and investment decisions. Our materiality analysis identifies the most material mega trends on which the Group's common strategic initiatives will focus in the coming years.

By leveraging all of these initiatives and in light of the results achieved at the end of 2020, the Group confirms its target of annual compound growth in 2018-2021 of earnings per share of between 6% and 8%. In addition, the 2021 RoE is expected to be higher than 11.5%, with a cumulative dividend target for 2019-2021 of between € 4.5 and € 5 billion, subject to the regulatory context.

The Report contains statements concerning events, estimates, forecasts and future expectations based on the current knowledge of the Group's management. Such statements are generally preceded by expressions such as "a decrease/increase is expected", "is forecast", "should grow", "we believe it may decline" or other similar wording. Please note that these forward-looking statements should not be considered forecasts of the Group's actual results or of factors outside the Group. Generali assumes no obligation to update or revise such forecasts, even after new information, future events or other elements come to light, unless required by law.

CONSOLIDATED NON-FINANCIAL STATEMENT

pursuant to legislative decree of 30 December 2016, no. 254 as amended

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The Annual Integrated Report of the Generali Group includes non-financial information in compliance with the provisions of legislative decree of 30 December 2016, no. 254 (leg. decree 254/2016), in implementation of European directive 2014/95. In line with the approach adopted, this information is clearly identified through a specific infographic to improve accessibility to the information itself.

Information relating to environmental matters, social and employee-related matters, respect for human rights, anti-corruption and bribery matters - which is relevant to the activities and characteristics of the Group - is reported to the extent necessary for an understanding of the Group development, performance, position and impact of its activity. It comprises a description of the:

- organization and management model, including direct and indirect impact (p. 18-19). The main operating companies based in Italy have adopted models, pursuant to art. 6, paragraph 1, letter a), of legislative decree of 8 June 2001, no. 231. These models aim at mitigating risks connected to offences that are relevant also to leg. decree 254/2016;

Corporate Governance and Share Ownership Report 2020, p. 110 for the organization and management model of the Parent Company

- policies applied (p. 20-29; 51-53);
- non-financial key performance indicators (p. 11, 32-53 and in *Our performance*, where indicated through the infographic);
- principal risks related to the matters mentioned above, as reported in the table below, and their management.

The Report complies with currently effective regulations and applies the International <IR> Framework issued by the International Integrated Reporting Council (IIRC)[1]. It adopts for the disclosure of non-financial matters envisaged by leg. decree 254/2016 the Consolidated Set of GRI Sustainability Reporting Standards, issued in 2016 by the GRI-Global Reporting Initiative (GRI-Referenced claims), with reference to selected GRI Standards and indicators of the GRI G4 Financial Services Sector Disclosures.
The Report is also in line with the 2020 priorities on non-financial information by ESMA[2].

Notes to the Management Report, p. 152 for the criteria of the International <IR> Framework and selected indicators

In 2019, we developed the materiality analysis process methodology by concentrating our efforts on the identification of the mega trends, i.e. the large social, environmental and governance transformations, which is expected to be able to change the world of enterprises, society and the natural environment significantly over a ten-year horizon, and this entails risks and opportunities for Generali, its value chain and its stakeholders. We intend to focus strategies, actions and reporting on these priorities to support the Group's ability to create lasting value over time.
The Statement reflects this analysis: it focuses on the most material mega trends identified and describes the management tools in place to mitigate risks and seize opportunities related to them.
The following activities were carried out to identify the material aspects:

- identification of the potentially material mega trends in connection with the Group's activities, strategy and countries which were identified based on public scenario analysis documents and sustainable development research drawn up by international non-government institutions and associations, think tanks, trade associations and forums in the industry;
- assessment of the mega trends, aggregating the viewpoint of the internal and external stakeholders, with which it was asked to order by priority the identified mega trends, considering both their potential impact on Generali and the possibility that they are influenced by us, also through our value chain, consistent with the perspective of the double materiality. This perspective, that considers both the financial materiality and the social and environmental materiality for each mega trend, was introduced by the non-binding Guidelines on reporting non-financial information adopted by the European Commission and afterwards picked up by ESMA. Over 120 top managers at the Group Head Office and business unit levels were involved internally through interviews and focus groups. To guarantee adequate consideration of the risk component of the identified mega trends, the internal assessment considered the results of the Group *Own Risk and Solvency Assessment* process.

Risk Report, p. 117 of the Annual Integrated Report and Consolidated Financial Statements 2020

The assessment of the external stakeholders[4] was supplemented by the analysis of the investment policies of 20 large SRI and traditional investors, the results of opinion polls conducted by Eurobarometer involving a sample of over 114,000 people in Europe, and the analysis of a survey conducted with the sustainability managers of roughly 190 multinational companies. Furthermore, about 1,700 company reports, 2,600 rules and bills of law,

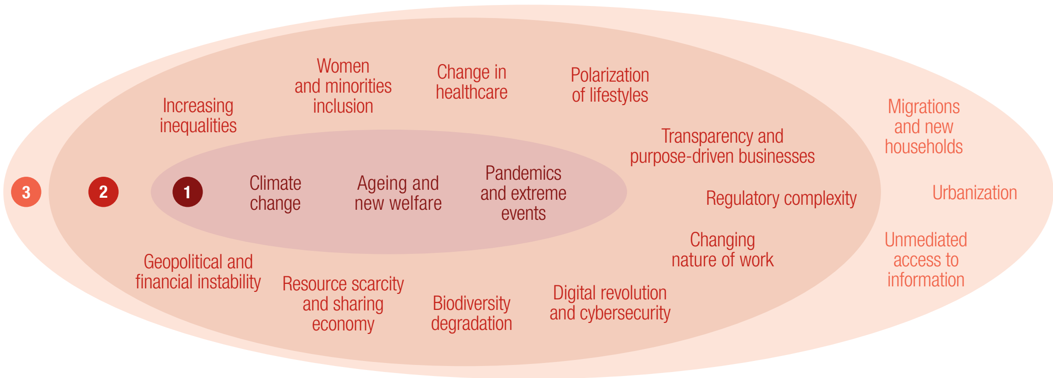
1 The International Integrated Reporting Council (IIRC) is a global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs; <IR> stands for Integrated Reporting.
2 The document *European common enforcement priorities for 2020 annual financial reports* was taken up in the Attention Call no. 1/21 of Consob.
3 The assessment was made using an approach based on the consolidation of the results of multiple repetitive analysis cycles conducted with groups of experts (so-called Delphi method).
4 The opinions of the external stakeholders - 50 opinion leaders representing the major stakeholder categories, such as customers, investors, employees, representatives of the Group's workers (European Works Council), regulatory institutions and authorities, enterprises and trade associations in the industry, universities and research centres, NGOs and future generations - were collected both through direct engagement activities and indirectly with the use of Artificial Intelligence technology and computational linguistics for the quantitative analysis of a large number of document sources.

4,000 articles published online and over 108 million tweets published between April and October 2019 were analysed using Artificial Intelligence technology and computational linguistics with the support of a specialised provider;

- processing of the Group materiality matrix, previously discussed by the Governance and Sustainability Committee and the Board of Statutory Auditors, and then approved by the Board of Directors.

Considered the context changed following the crisis triggered by the Covid-19 pandemic, in 2020 the Generali top management reviewed the current relevance of mega trends that were resulted from the materiality analysis carried out the year before. It confirmed that materiality analysis, still considering it an effective synthesis of the priority corporate and social challenges for the years to come. There was just a limited number of changes compared to the results from the analysis carried out in 2019: the mega trend *Pandemics and extreme events* was moved to cluster 1, that currently includes two other priorities for the benefit of a greater focus: *Climate change* and *Ageing and new welfare*. The mega trends *Digital revolution and cybersecurity* and *Geopolitical and financial instability* were moved to cluster 2, as well as the mega trend *Biodiversity degradation* due to its increasing relevance.
In November 2020, the Board of Directors approved these updates together with a more immediate representation of the materiality analysis, that gives better evidence to the distribution of the mega trends within the three priority clusters, that determine the Group's approach for their management:

- central cluster 1: it identifies the material mega trends on which the strategic initiatives common to the Group and their disclosure in this Report are focused;
- intermediate cluster 2: it groups the mega trends of considerable relevance, which are addressed by specific business units or functions;
- external cluster 3: it groups the mega trends to be monitored that are of minor relevance compared to the other factors analysed.



Glossary available at the end of this document

The material information pursuant to the decree[5] was identified taking the mega trends belonging to the first 2 clusters into consideration. Confirming the approach adopted in the previous Statement, the material mega trends specified above are reported in this Report using indicators announced through the Generali 2021 strategic plan and monitored in the planning and control processes. The scope of reporting for these indicators is the consolidated one, unless otherwise specified. A comparison is offered with the previous period, where feasible.

In order to monitor processes for the non-financial information collection and data quality, we have implemented an integrated internal control system. This model, that is modular and constantly evolving, leverages and is consistent with both the control approach adopted for the financial reporting to the market, and with the broader Data Quality framework, which promotes the dissemination of ethical behavior for the data quality management[6] at Group Head Office and local level. A non-financial information reporting manual has been drawn up for some years. It includes indicators, calculation methods and reporting flows, as well as a standard catalogue of control objectives applicable to the processes at both the Group Head Office and each contributing company level. The integrated internal control model currently used is therefore based on a streamlined approach that allows the control activities implemented to be identified and assessed compared to expected control objectives and applicable risks.

5 The following matters envisaged by leg. decree 254/2016, art. 3, paragraph 2 are not material: water use, air pollutant emissions and impact on health and safety.
6 The system is based on the principles of accuracy, completeness, appropriateness, integrity and audit trail.

The following table connects the material mega trends and those of considerable relevance as mentioned above to the five matters envisaged by leg. decree 254/2016, including the related main risk categories and pages of the Report in which they are reported. It also highlights our support for the Sustainable Development Goals of the United Nations.

MATTERS ex leg. decree. 254/2016	**MATERIAL MEGA TRENDS AND THOSE OF CONSIDERABLE RELEVANCE** ex 2020 materiality matrix	**MAIN RISK CATEGORIES**[7]
1) Environmental matters	Climate change[8]	Emerging risks with foreseeable developments on underwriting, financial and operational risks (Clients and products: *Product flaws*; Damage to physical assets: *Accidents and natural disasters, Human caused events*)
	Resource scarcity and sharing economy	
	Biodiversity degradation	
	Transparency and purpose-driven businesses	Operational risks[9] (Clients and products: *Suitability, disclosure and fiduciary duties, Improper business or market practices, Selection, sponsorship and exposure*)
2) Social matters	Pandemics and extreme events[10]	Operational risks (External fraud: *System security (from external attack)*; Employment practices: *Employee relations, Workplace safety*) with possible impact in terms of strategic and underwriting risks
	Digital revolution and cybersecurity	Operational risks (External fraud: *System security (from external attack)*; Employment practices: *Employee relations, Workplace safety, Workplace discrimination*)
	Transparency and purpose-driven businesses	
	Ageing and new welfare	Emerging risks with foreseeable developments on strategic, underwriting and operational risks (Clients and products: *Product flaws, Selection, sponsorship and exposure, Advisory activities*; Employment practices: *Workplace discrimination; Damage to physical assets: Human caused events*)
	Change in healthcare	
	Polarization of lifestyles	
	Increasing inequalities	
3) Employee-related matters	Transparency and purpose-driven businesses	Operational risks (Employment practices: *Employee relations, Workplace safety, Workplace discrimination*)
	Changing nature of work	
	Women and minorities inclusion	
4) Respect for human rights matters	Transparency and purpose-driven businesses	Operational risks[9] (Employment practices: *Employee relations, Workplace safety, Workplace discrimination*; Clients and products: *Product flaws, Selection, sponsorship and exposure, Advisory Activities*)
5) Anti-corruption and bribery matters	Transparency and purpose-driven businesses	Operational risks (Internal fraud: *Unauthorised activity;* Clients and products: *Improper business or market practices*)
	Regulatory complexity	

7 Categories are defined in accordance with the provisions of the European directive 2009/138 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II). See the *Risk Report* chapter in the Annual Integrated Report and Consolidated Financial Statements 2020 for their specific management. As for operational risks, the taxonomy is in line with the provisions of Solvency II Directive/Basel III.
8 The mega trend *Climate change* also includes extreme events.
9 Limited to possible risks of non-compliance with laws.
10 Extreme events are illustrated in the mega trend *Climate change*.

	KEY PERFORMANCE INDICATORS	PAGES OF THE REPORT	SUSTAINABLE DEVELOPMENT GOALS
	Total GHG emissions Purchased renewable energy Premiums from environmental products Insurance exposure to clients of the fossil fuel sector Engagement activities with companies of the coal sector Carbon footprint of the Group's equities and corporate bonds portfolios New green and sustainable investments Direct investments by the Group's insurance companies which are subject to the Responsible Investment Group Guideline Sustainable and Responsible Investments Engagement activities	p. 11, 26-28, 47-48, 51, 66-67, 75-78 p. 26-28, 48 p. 51-52, 76 p. 11, 75-78	7 Affordable and clean energy 11 Sustainable cities and communities 12 Responsible consumption and production 13 Climate action
	Extraordinary International Fund for Covid-19 and other local initiatives Investments in internal strategic initiatives Our customers Our agents Relationship Net Promoter Score Direct investments by the Group's insurance companies which are subject to the Responsible Investment Group Guideline Sustainable and Responsible Investments Engagement activities Premiums from social products Active countries and partners of The Human Safety Net	p. 21-24, 70, 83-95 p. 25-26, 37-40 p. 11, 38-39, 46, 75-78 p. 11, 29, 66-67 p. 11, 29, 66-67 p. 11, 29, 66-67 p. 11, 49-50, 83-95	3 Good health and well-being 4 Quality education 9 Industry, innovation and infrastructure 10 Reduced inequalities 12 Responsible consumption and production
	Local engagement actions implemented Reskilled employees Trained employees Per capita training Training investment Employees Organizational entities with smart working policy Female employees Diversity and Inclusion Index Equal pay gap Gender pay gap Accessibility gap to variable remuneration between females and males	p. 11, 42-44 p. 11, 41, 45 p. 11, 41-43	5 Gender equality 8 Decent work and economic growth 10 Reduced inequalities 12 Responsible consumption and production
	Direct investments by the Group's insurance companies which are subject to the Responsible Investment Group Guideline Sustainable and Responsible Investments Engagement activities	p. 11, 51-52, 75-78	12 Responsible consumption and production
	Direct investments by the Group's insurance companies which are subject to the Responsible Investment Group Guideline Sustainable and Responsible Investments Engagement activities Employees trained in the Code of Conduct Managed reports related to the Code of Conduct	p. 11, 51-53, 75-78 p. 51-53	12 Responsible consumption and production 16 Peace, justice and strong institutions

Pursuant to art. 5 of the Consob Regulation of 18 January 2018, no. 20267, the Generali Group assigned the auditing firm EY S.p.A. - the current external auditor for the financial statements - with the task of performing the limited assurance activity on this Statement. The Report drafted by EY S.p.A. is attached to this document.

Milan, 10 March 2021
The Board of Directors

APPENDICES TO THE MANAGEMENT REPORT

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NOTES TO THE MANAGEMENT REPORT

The Annual Integrated Report and Consolidated Financial Statements 2020 is drafted in compliance with currently effective regulations and it applies the IAS/IFRS international accounting standards as well as the International <IR> Framework.

Annual Integrated Report and Consolidated Financial Statements, p. 176 for further details on the basis of presentation and accounting principles

The Group used the option provided for under art. 70, paragraph 8, and art. 71, paragraph 1-bis of Issuers' Regulation to waive the obligation to publish the information documents provided for in relation to significant mergers, de-mergers or capital increases by contribution of assets, acquisitions and disposals.

The Report is drawn up in euro, i.e. the functional currency used by the entity that prepares the Annual Integrated Report and Consolidated Financial Statements. The amounts are shown in million and rounded to the first decimal, unless otherwise reported. Therefore, the sum of each rounded amounts may sometimes differ from the rounded total.

The details by geographical area highlighted in this document reflect the Group's managerial structure in place since 2019, made up of:
- Italy;
- France;
- Germany;
- ACEER: Austria, Central Eastern Europe (CEE) countries - Czech Republic, Poland, Hungary, Slovakia, Serbia/Montenegro, Romania, Slovenia, Bulgaria and Croatia - and Russia;
- International, consisting of Spain, Switzerland, Americas and Southern Europe, and Asia;
- Investments, Asset & Wealth Management, which includes the main Group entities operating in investment advisory, asset management and financial planning;
- Group holdings and other companies, which consists of the Parent Company's management and coordination activities, including Group reinsurance, as well as Europ Assistance, Other companies (among which, Generali Employee Benefits) and other financial holding companies and suppliers of international services not included in the previous geographical areas.

Our main market: positioning and performance, p. 83

At 31 December 2020, the consolidation area increased from 463 to 484 companies, of which 439 were consolidated line-by-line and 45 measured with the equity method.

REPORT AND INTERNATIONAL <IR> FRAMEWORK

The Report is drafted in line with the International <IR> Framework issued by the International Integrated Reporting Council (IIRC): each chapter of the Report meets one or more Content Elements envisaged by the Framework.

Group Annual aIntegrated Report

Content Elements of the International <IR> Framework

Group Annual aIntegrated Report	Content Elements of the International <IR> Framework
WE, GENERALI	
GROUP'S HIGHLIGHTS	Performance
2020 AND 2021 KEY FACTS	Organisational overview and external environment
THE VALUE CREATION PROCESS	Organisational overview and external environment
CHALLENGES AND OPPORTUNITIES OF THE MARKET CONTEXT	Risks and opportunities
THE GENERALI 2021 STRATEGY	Strategy Performance Risks and opportunities
OUR RULES FOR RUNNING BUSINESS WITH INTEGRITY	Organisational overview and external environment Risks and opportunities
OUR GOVERNANCE AND REMUNERATION POLICY	Governance
OUR PERFORMANCE	Performance
OUTLOOK	Outlook

The Report is drafted also applying the Guiding Principles of the Framework.

The strategy together with our vaue creation process remains at the heart of our story. The strategic focus and future orientation principle is, in fact, applied in the whole document.

The key forms of connectivity of information used by Generali include the connectivity between qualitative and quantitative information, financial and non-financial information, present and future information, that is coherent with the information included in other communication tools in accordance with the Core&More reporting approach. Other elements that improve the connectivity of information and the overall usefulness of the Report are the cross-referencing[1], the graphic component and a glossary at the end of this document to use in case of insurance sector's terminology.

Generali maintains stakeholder relationships in order to understand and meet their needs, especially their information and dialogue needs.

We regularly engage with investors, analysts and rating agencies. We meet them every quarter following our results' presentation and in specific occasions, thus sharing the reporting required. We organise roadshows and we participate in sector conferences. Some of the main annual recurring occasions for interaction between the financial community and the Company's top management are the annual Shareholders' Meeting, events on the strategic plan (Investor Day) and the main presentation of the financial results. We provided an update on the progress of the 2021 strategic plan at a virtual Investor Day in November. During 2020 we came into contact with more than 400 people based in the main financial centres of Europe and North America, with virtual individual

1 The Report includes links to web pages that might not exist in the future.

and small group meetings. In 2020, dialogue with relevant stakeholders was held virtually due to the Covid-19 pandemic, while maintaining previous qualitative standards.
We regularly interact with regulators and the European and international Institutions to maintain good relationships and share authoritative and updated information in order to properly interpret and apply new regulations. We are committed to transparency in our relations with European public authorities: in 2014 the Group joined the Transparency Register, a joint initiative of the European Parliament and the European Commission with the aim of informing the public about how Generali represents its interests. We also offer our skills and contribute to public consultations for the definition of new laws and regulations in the sector, by providing, in view of the Group's direct experience, concrete indications in order to safeguard the specificities of the Group and the insurance industry. To this purpose, we collaborate with several trade organizations and associations in the sector. Our active presence in these organizations allows us also to expand our knowledge of the different regulations and potential impacts.
We engage customers, agents and Group employees with a view to continuous improvement.

The Generali 2021 strategy, p. 30

www.generali.com/our-responsibilities/responsible-business/stakeholder-engagement for different methods of dialogue with stakeholders

The materiality approach is presented in the Consolidated Non-Financial Statement.

Consolidated Non-Financial Statement, p. 139

The conciseness principle is met through the issue of the Group Annual Integrated Report. The diagram below shows the shift from the Group Annual Integrated Report, drafted in accordance with the materiality principle, to the Annual Integrated Report and Consolidated Financial Statements, compliant with regulations.

Group Annual Integrated Report

Additional management information on segments

Risk Report

Further financial statements and Notes

Management Report

Annual Integrated Report and Consolidated Financial Statements

Reliability and completeness are supported by a structured information system, built for the drafting of the Report and processing financial and non-financial information while ensuring their homogeneity and reliability. They are also supported by a specific integrated internal control system, which monitors information generation and collection processes as well as data quality. The performance indicators are those used in the business management in line with the strategic plan. They refer to the whole Group, unless otherwise indicated.

The integrated internal control system covers the consistency and comparability principle, too. The Report includes information that is consistent with the previous year, unless otherwise indicated.

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REPORT AND CONSOLIDATED NON-FINANCIAL STATEMENT

The Report adopts for the disclosure of non-financial matters envisaged by leg. decree 254/2016 the Consolidated Set of GRI Sustainability Reporting Standards, issued in 2016 by the GRI-Global Reporting Initiative (GRI-Referenced claims), with reference to selected GRI Standards - in accordance with the provision of GRI 101: Foundation, paragraph 3, in addition to GRI 103: Management Approach - and indicators of the GRI G4 Financial Services Sector Disclosures.

GRI STANDARDS AND G4 FINANCIAL SERVICES SECTOR DISCLOSURES	MATERIAL MEGA TRENDS AND THOSE OF CONSIDERABLE RELEVANCE ex 2020 materiality matrix
GRI 102: General Disclosures 102-9 Supply chain (a)	Transparency and purpose-driven businesses
GRI 102: General Disclosures 102-43 Approach to stakeholder engagement (a)	Transparency and purpose-driven businesses
GRI 205: Anti-corruption 205-2 Communication and training about anti-corruption policies and procedures (e, aggregated data)	Regulatory complexity Transparency and purpose-driven businesses
GRI 302: Energy 302-1 Energy consumption within the organization (b)	Resource scarcity and sharing economy
GRI 305: Emissions 305-1 Direct (Scope 1) GHG emissions (b,d,g) 305-2 Energy indirect (Scope 2) GHG emissions (c,d,g) 305-3 Other indirect (Scope 3) GHG emissions[2] (a,b,d,e,g) 305-4 GHG emissions intensity 305-5 Reduction of GHG emissions	Climate change
GRI 404: Training and Education 404-1 Average hours of training per year per employees (a, aggregated data) 404-2 Programs for upgrading employee skills and transition assistance programs (a)	Transparency and purpose-driven businesses
GRI 405: Diversity and equal opportunity 405-02 Ratio of the basic salary and remuneration of women to men for each employee category	Women and minorities inclusion
GRI 413: Local communities Management approach disclosures	Increasing inequalities
Product portfolio G4 FS7: Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Ageing and new welfare Change in healthcare Polarization of lifestyles
Product portfolio G4 FS8: Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Climate change
Active ownership G4 FS10: percentage and number of companies held in the insitution's portfolio with which the reporting organization has interacted on environmental or social issues	Climate change Transparency and purpose-driven businesses
Active ownership G4 FS11: Percentage of assets subject to positive and negative environmental or social screening	Climate change Biodiversity degradation Transparency and purpose-driven businesses

We use key performance indicators in accordance with a proprietary disclosure methodology for material and relevant mega trends. They are not envisaged by the standard adopted but they are representative of our business and, in line with our strategy, they are monitored in the planning and control processes. These indicators are: insurance exposure to fossil fuel sector, investments in internal strategic initiatives, our customers, employees, female employees, trained employees, training investment, organizational entities with smart working policy, Diversity and Inclusion Index, gender pay gap, accessibility gap to variable remuneration between females and males, and managed reports related to the Code of Conduct.

Glossary available at the end of this document

The reporting process and methodologies to calculate all indicators are included in a specific manual, shared at both the Group Head Office and each contributing company level.

Consolidated Non-Financial Statement, p. 139

2 The annual reduction of total emissions from operating activities amounted to 43,705 tCO2e compared to base year 2013. The latter was chosen since it is the baseline for the goal to reduce total emissions by 20% by 2020. The reduction was attributable to indirect emissions (Scope 2 and Scope 3). The gases included were: CO2, CH4 e N2O. The methodology adopted is the WRI GHG Corporate Standard Protocol, location-based method.

METHODOLOGICAL NOTES ON ALTERNATIVE PERFORMANCE MEASURES

In order to help the assessment of the quality and sustainability of the net result of the Generali Group in the various business segments and territorial areas, the Management Report includes the following alternative performance measures.

Gross written premiums

Gross written premiums in the Management Report differ from gross earned premiums in the Income Statement, since they include premiums related to investment contracts as to better present the insurance turnover of the Group and they exclude changes in the provisions for unearned premiums.

Operating result

Under CESR Recommendations on alternative performance measures (CESR/05 - 178b), the operating result cannot replace earnings before taxes calculated in accordance with IAS/IFRS. In addition, it should be read with the financial information and related notes on the accounts which are included in the audited financial statements.
The operating result is drawn up by reclassifying items of earnings before taxes for each segment on the basis of the management characteristics of each segment and taking into consideration the recurring holding expenses.
Specifically, the operating result represents earnings before taxes, gross of interest expense on financial debt, specific net income from investments and non-recurring income and expenses.

In the Life segment, all profit and loss accounts are considered as operating items, except for the following which are represented in the non-operating result:

- net realized gains and net impairment losses that do not affect both the local technical reserves, but only the deferred liabilities towards policyholders for the amount not attributable to the policyholders, and the free assets;
- net other non-operating expenses that mainly include results of the run-off activities, company restructuring costs, amortization of the value of the portfolios acquired directly or through acquisition of control of insurance companies (Value Of Business Acquired, VOBA) and net other non-recurring expenses.

In particular, the Life non-operating result in Germany and Austria is net of the entire estimated amount attributable to the policyholders in order to consider the specific calculation method of the policyholders' profit sharing based on the net result of the period in these countries.
Furthermore, where a new fiscal law or other non-recurring fiscal impacts materially affects the operating result of the countries where the policyholders' profit sharing is based on the net result of the period, the estimated amount of non-recurring effects mentioned above is accounted for in the operating result.

In the Property & Casualty segment, all profit and loss accounts are considered as operating items, except for the following which are represented in the non-operating result:

- realized gains and losses, unrealized gains and losses, net impairment losses on investments, including gains and losses on foreign currencies;
- net other non-operating expenses that mainly include results of both real estate development activities and run-off activities, impairment losses on self-used properties, company restructuring costs and amortization of the value of the portfolios acquired directly or through the acquisition of control of insurance companies (Value Of Business Acquired, VOBA) and net other non-recurring expenses.

In the Asset Management segment, all profit and loss accounts are considered as operating items, except for the following which are represented in the non-operating result:

- net other non-operating expenses that mainly include project costs, including consulting, and severances.

The Holding and other businesses segment includes activities in the banking and asset management sectors, expenses for management, coordination and financing activities, as well as all the other operations that the Group considers to be ancillary to the core insurance business. All profit and loss accounts are considered as operating items, except for the following which are represented in the non-operating result:

- non-recurring realized gains and losses and net impairment losses;
- net other non-operating expenses that mainly include results of the run-off activities, company restructuring costs, amortization of the value of the portfolios acquired directly or through acquisition of control of companies operating in the banking and asset management sectors (Value Of Business Acquired, VOBA) and net other non-recurring expenses.

As for holding expenses, general expenses incurred for management and coordination by the Parent Company and territorial sub-holdings are considered as operating items. Non-operating holding expenses include:

- interest expenses on financial debt[3];
- company restructuring costs and other non-recurring expenses incurred for management and coordination activities;
- costs arising from the assignment of stock options and stock grants by the Group.

The operating result and non-operating result of the Group are equivalent to the sum of the operating result and the non-operating result of the abovementioned segments and related consolidation adjustments.

In accordance with the approach described above, the operating result in the main countries where the Group operates is reported for the Life and Property & Casualty segments and the consolidated figures. In order to provide a management view of the operating result by geographical area, the disclosure by business segment and geographical area allows measurement of the result of each geographical area from a country viewpoint instead of as a contribution to the Group's results.
Within the context of the Life and Property & Casualty operating result of each country, reinsurance operations between Group companies in different countries are considered as transactions concluded with external reinsurers. This representation of the Life and Property & Casualty operating result by geographical area makes this performance indicator more consistent with both the risk management policies implemented by each company and the other indicators measuring the technical profitability of the Group's companies.

The following table reconciles the operating and non-operating result with the corresponding items in the income statement:

Operating and non-operating result	Profit and loss account
Net earned premiums	1.1
Net insurance benefits and claims	2.1
Acquisition and administration costs	2.5.1 - 2.5.3
Net fee and commission income and net income from financial service activities	1.2 - 2.2
Net operating income from financial instruments at fair value through profit or loss	1.3 - 1.4 - 1.5 - 2.3 - 2.4 - 2.5.2
Net operating income from other financial instruments	1.3 - 1.4 - 1.5 - 2.3 - 2.4 - 2.5.2
Net non-operating income from financial instruments at fair value through profit or loss	1.3 - 1.4 - 1.5 - 2.3 - 2.4 - 2.5.2
Net non-operating income from investments	1.3 - 1.4 - 1.5 - 2.3 - 2.4 - 2.5.2
Net other and holding operating expenses	1.6 - 2.6
Net other and holding non-operating expenses	1.6 - 2.6

The following reclassifications are made in the calculation of the operating result with respect to the corresponding items in the income statement:

- investment management expenses and investment property management expenses are reclassified from acquisition and administration costs to net operating income from other financial instruments, more specifically to other expenses from financial instruments and land and buildings (investment properties);
- income and expenses related to real estate development activities are classified under other non-operating income and expenses, in accordance with the management model adopted that provides for sale at completion;
- in the Life and Holding and other businesses segments, gains and losses on foreign currencies are reclassified from net operating income to net operating income from financial instruments at fair value through profit or loss. In the Property & Casualty segment, they are reclassified from net operating income to net non-operating income from financial instruments at fair value through profit or loss. The classification for each segment is consistent with the related classification of the derivative transaction drawn up in order to hedge the Group's equity exposure to the changes in the main currencies of operations. Net operating and non-operating income from other financial instruments are therefore not subject to financial market volatility;
- net other operating expenses are adjusted for operating taxes and for non-recurring taxes that significantly affect the operating result of the countries where the policyholders' profit sharing is determined by taking the taxes for the period into account. These adjustments are included in the calculation of the operating result and are excluded from the income taxes item;
- in net operating income from other financial instruments, interest expenses on deposits and current accounts under reinsurance business are not included among interest expenses related to liabilities linked to operating activities but are deducted from the related interest income. Moreover, the interest expenses related to the abovementioned real estate development activities are not included in interest expenses related to liabilities linked to operating activities but are classified under other non-operating income and expenses in accordance with the management model adopted that provides for sale at completion.

3 Please refer to the paragraph Debt in the chapter *Group's financial position* for further details on the definition of financial debt.

Operating result by margins

The operating result of the various segments are reported also in accordance with a margin-based view which shows the operating trends of the changes occurred in each segment performance more clearly.

The Life operating result is made up of the technical margin excluding insurance expenses, the net investment result and the component that includes acquisition and administration costs related to the insurance business and other net operating expenses. Specifically, the technical margin includes loadings, technical result and other components, and unit- and index-linked fees. The net investment result comprises operating income from investments, net of the portion attributable to the policyholders. Finally, the insurance management and other net operating components are indicated separately.

The Property & Casualty operating result is made up of the technical result, the financial result and other operating items. Specifically, the technical result represents the insurance activity result, i.e. the difference between premiums and claims, acquisition and administration costs and other net technical income. The investment result comprises current income from investments and other operating net financial expenses, like expenses on investment management and interest expenses on operating debt. Finally, other operating items mainly include acquisition and administration costs related to the insurance business, depreciation of tangible assets and amortization of long-term costs, provisions for recurring risks and other taxes.

Adjusted net profit

The adjusted net profit is the profit adjusted for impact of gains and losses related to disposals.

Return on investments

The indicators for the return on investments are:

- net current return calculated as the ratio of:
  - interest and other income, including income from financial instruments at fair value through profit and loss (excluding income from financial instruments related to linked contracts) net of depreciation on real estate investments; to
  - average investments (calculated on book value);
- harvesting rate calculated as the ratio of:
  - net realized gains, net impairment losses and realized and unrealized gains and losses from financial instruments at fair value through profit and loss (excluding those from financial instruments related to linked contracts); to
  - average investments (calculated on book value.

The profit and loss return is the sum of the net current return and the harvesting rate net of investment management expenses as well as gains and losses on foreign currencies.

The average investments (calculated on book value) include: land and buildings (investment properties), investments in subsidiaries, associated companies and joint ventures, loans and receivables, cash and cash equivalents, available for sale financial assets, financial assets at fair value through profit or loss excluding those related to linked contracts. Total investments are adjusted for both derivative instruments classified as financial liabilities at fair value through profit of loss and REPOs classified as other financial liabilities. The average is calculated on the average investment base of each quarter of the reporting period.

The indicators for the return on investments described above are presented for the Group and for Life and Property & Casualty segments.

Consolidated investments

In order to provide a presentation of investments that is consistent with the calculation of the return on investments, the Group's investments in the Management Report differ from those reported in the balance sheet items since:

- Investment Fund Units (IFU) are split by nature in equity, bond and investment property instruments as well as cash equivalents;
- derivatives are presented on a net basis, thus including derivative liabilities. Moreover, hedging derivatives are classified in the respective asset class hedged;
- reverse REPOs (Repurchase Agreements) are reclassified from other fixed income instruments to cash and cash equivalents in accordance with their nature of short-term liquidity commitments; and
- REPOs classified as liabilities are presented in cash and cash equivalents.

Investments by segment are presented in accordance with the methods described in the chapter *Segment reporting* in the *Notes*.

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CONSOLIDATED FINANCIAL STATEMENTS

Company **ASSICURAZIONI GENERALI S.p.A.**

CONSOLIDATED STATEMENTS

Consolidated financial statements

as at **31 December 2020**

(Amount in € million)

BALANCE SHEET

Assets

References:	(€ million)	31/12/2020	31/12/2019
	1 INTANGIBLE ASSETS	**9,612**	**9,401**
4	1.1 Goodwill	7,537	7,180
18	1.2 Other intangible assets	2,075	2,221
	2 TANGIBLE ASSETS	**3,804**	**4,183**
19	2.1 Land and buildings (self used)	2,764	2,888
19	2.2 Other tangible assets	1,040	1,295
13	**3 AMOUNTS CEDED TO REINSURERS FROM INSURANCE PROVISIONS**	**5,107**	**4,382**
38, 39, 40, 41	**4 INVESTMENTS**	**492,522**	**463,929**
10	4.1 Land and buildings (investment properties)	15,124	14,168
3	4.2 Investments in subsidiaries, associated companies and joint ventures	2,107	1,365
6	4.3 Held to maturity investments	1,983	2,243
7	4.4 Loans and receivables	30,856	32,285
8	4.5 Available for sale financial assets	337,005	318,195
9	4.6 Financial assets at fair value through profit or loss	105,447	95,672
	of which financial assets where the investment risk is borne by the policyholders and related to pension funds	84,914	78,475
20	**5 RECEIVABLES**	**12,101**	**11,954**
	5.1 Receivables arising out of direct insurance operations	7,524	7,377
	5.2 Receivables arising out of reinsurance operations	1,905	1,653
	5.3 Other receivables	2,672	2,924
21	**6 OTHER ASSETS**	**13,664**	**13,852**
	6.1 Non-current assets or disposal groups classified as held for sale	0	0
14	6.2 Deferred acquisition costs	2,117	2,121
	6.3 Deferred tax assets	2,785	2,478
	6.4 Tax receivables	3,291	3,146
	6.5 Other assets	5,471	6,108
11	**7 CASH AND CASH EQUIVALENTS**	**7,900**	**6,874**
	TOTAL ASSETS	**544,710**	**514,574**

Equity and liabilities

References:	(€ million)	31/12/2020	31/12/2019
15	**1 SHAREHOLDERS' EQUITY**	**31,794**	**29,851**
	1.1 Shareholders' equity attributable to the Group	**30,029**	**28,360**
	1.1.1 Share capital	1,576	1,570
	1.1.2 Other equity instruments	0	0
	1.1.3 Capital reserves	7,107	7,107
	1.1.4 Revenue reserves and other reserves	12,848	10,831
	1.1.5 (Own shares)	-80	-7
	1.1.6 Reserve for currency translation differences	-549	-28
	1.1.7 Reserve for unrealized gains and losses on available for sale financial assets	8,764	7,458
	1.1.8 Reserve for other unrealized gains and losses through equity	-1,379	-1,240
	1.1.9 Result of the period attributable to the Group	1,744	2,670
	1.2 Shareholders' equity attributable to minority interests	**1,765**	**1,491**
	1.2.1 Share capital and reserves	1,295	1,114
	1.2.2 Reserve for unrealized gains and losses through equity	181	108
	1.2.3 Result of the period attributable to minority interests	289	269
22	**2 OTHER PROVISIONS**	**1,772**	**1,736**
12	**3 INSURANCE PROVISIONS**	**442,330**	**419,213**
	of which insurance provisions for policies where the investment risk is borne by the policyholders and related to pension funds	80,370	75,407
	4 FINANCIAL LIABILITIES	**44,068**	**40,904**
16	4.1 Financial liabilities at fair value through profit or loss	7,198	4,983
	of which financial liabilities where the investment risk is borne by the policyholders and related to pension funds	5,281	3,532
17	4.2 Other financial liabilities	36,871	35,921
	of which subordinated liabilities	7,681	7,717
23	**5 PAYABLES**	**13,184**	**11,178**
	5.1 Payables arising out of direct insurance operations	5,080	4,240
	5.2 Payables arising out of reinsurance operations	1,254	697
	5.3 Other payables	6,851	6,241
24	**6 OTHER LIABILITIES**	**11,561**	**11,693**
	6.1 Liabilities directly associated with non-current assets and disposal groups classified as held for sale	0	0
	6.2 Deferred tax liabilities	3,871	3,174
	6.3 Tax payables	1,768	2,012
	6.4 Other liabilities	5,921	6,508
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**544,710**	**514,574**

INCOME STATEMENT

References:	(€ million)	31/12/2020	31/12/2019
25	1.1 Net earned premiums	64,468	66,239
	1.1.1 Gross earned premiums	67,393	68,137
	1.1.2 Earned premiums ceded	-2,926	-1,898
26	1.2 Fee and commission income and income from financial service activities	1,504	1,354
27	1.3 Net income from financial instruments at fair value through profit or loss	1,778	10,177
	of which net income from financial instruments where the investment risk is borne by the policyholders and related to pension funds	1,614	9,748
28	1.4 Income from subsidiaries, associated companies and joint ventures	143	148
29	1.5 Income from other financial instruments and land and buildings (investment properties)	13,679	13,566
	1.5.1 Interest income	7,713	8,149
	1.5.2 Other income	2,458	2,624
	1.5.3 Realized gains	3,378	2,672
	1.5.4 Unrealized gains and reversal of impairment losses	129	121
30	1.6 Other income	3,670	3,151
	1 TOTAL INCOME	**85,242**	**94,635**
31	2.1 Net insurance benefits and claims	-60,011	-71,062
	2.1.1 Claims paid and change in insurance provisions	-62,056	-72,321
	2.1.2 Reinsurers' share	2,045	1,259
32	2.2 Fee and commission expenses and expenses from financial service activities	-677	-650
33	2.3 Expenses from subsidiaries, associated companies and joint ventures	-102	-60
34	2.4 Expenses from other financial instruments and land and buildings (investment properties)	-3,887	-3,265
	2.4.1 Interest expense	-837	-1,024
	2.4.2 Other expenses	-411	-416
	2.4.3 Realized losses	-1,458	-1,083
	2.4.4 Unrealized losses and impairment losses	-1,181	-742
35	2.5 Acquisition and administration costs	-11,643	-11,551
	2.5.1 Commissions and other acquisition costs	-8,734	-8,587
	2.5.2 Investment management expenses	-167	-230
	2.5.3 Other administration costs	-2,742	-2,735
36	2.6 Other expenses	-5,534	-4,459
	2 TOTAL EXPENSES	**-81,852**	**-91,048**
	EARNINGS BEFORE TAXES	**3,390**	**3,587**
37	**3 Income taxes**	**-1,175**	**-1,122**
	EARNINGS AFTER TAXES	**2,215**	**2,465**
	4 RESULT OF DISCONTINUED OPERATIONS	**-183**	**475**
	CONSOLIDATED RESULT OF THE PERIOD	**2,032**	**2,939**
	Result of the period attributable to the Group	1,744	2,670
	Result of the period attributable to minority interests	289	269
15	EARNINGS PER SHARE:		
	Earnings per share (in €)	1.11	1.70
	From continuing operation	1.23	1.40
	Diluted earnings per share (in €)	1.09	1.68
	From continuing operation	1.21	1.38

STATEMENT OF COMPREHENSIVE INCOME

(€ million)	31/12/2020	31/12/2019
1 CONSOLIDATED RESULT OF THE PERIOD	2,032	2,939
Items that may be reclassified to profit and loss in future periods		
2.1 Foreign currency translation differences	-549	57
2.2 Net unrealized gains and losses on investments available for sale	1,406	4,223
2.3 Net unrealized gains and losses on cash flows hedging derivatives	29	137
2.4 Net unrealized gains and losses on hedge of a net investment in foreign operations	13	-41
2.5 Share of other comprehensive income of associates	0	22
2.8 Result of discontinued operations	0	-255
2.10 Other	0	0
Subtotal	898	4,144
Items that may not be reclassified to profit and loss in future periods		
2.5 Share of other comprehensive income of associates	0	-0
2.8 Result of discontinued operations	0	4
2.6 Reserve for revaluation model on intangible assets	0	0
2.7 Reserve for revaluation model on tangible assets	0	0
2.9 Actuarial gains or losses arising from defined benefit plans	-180	-392
Subtotal	-180	-387
2 OTHER COMPREHENSIVE INCOME	718	3,757
3 TOTAL COMPREHENSIVE INCOME	2,751	6,696
attributable to the Group	2,390	6,268
attributable to minority interests	361	428
Earnings per share (in €)	1.52	4.00
Diluted earnings per share (in €)	1.50	3.94

STATEMENT OF CHANGES IN EQUITY

		Amounts at 31/12/2018	Changes in amounts	Allocation	Transfer to profit and loss account	Other transfer	Change in owhership interest	Amounts at 31/12/2019
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP	Share Capital	1,565	0	5	0	0	0	1,570
	Other equity instruments	0	0	0	0	0	0	0
	Capital reserves	7,107	0	0	0	0	0	7,107
	Revenue reserves and other reserves	10,035	0	2,221	0	-1,413	-13	10,831
	(Own shares)	-7	0	-0	0	0	0	-7
	Result of the period	2,309	0	361	0	0	0	2,670
	Other comprehensive income	2,592	0	3,638	-40	0	0	6,190
	Total shareholders' equity attributable to the group	**23,601**	**0**	**6,224**	**-40**	**-1,413**	**-13**	**28,360**
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO MINORITY INTERESTS	Share capital and reserves	904	0	398	0	-157	-30	1,114
	Result of the period	189	0	80	0	0	0	269
	Other comprehensive income	-50	0	180	-21	0	0	108
	Total shareholders' equity attributable to minority interests	**1,042**	**0**	**658**	**-21**	**-157**	**-30**	**1,491**
TOTAL		**24,643**	**0**	**6,882**	**-61**	**-1,570**	**-43**	**29,851**

Amounts at 31/12/2019	Changes in amounts	Allocation	Transfer to profit and loss account	Other transfer	Change in owhership interest	Amounts at 31/12/2020
1,570	0	6	0	0	0	1,576
0	0	0	0	0	0	0
7,107	0	0	0	0	0	7,107
10,831	0	2,787	0	-785	15	12,848
-7	0	-73	0	0	0	-80
2,670	0	-927	0	0	0	1,744
6,190	0	327	319	0	0	6,836
28,360	**0**	**2,121**	**319**	**-785**	**15**	**30,029**
1,114	0	285	0	-104	0	1,295
269	0	20	0	0	0	289
108	0	154	-82	0	0	181
1,491	**0**	**459**	**-82**	**-104**	**0**	**1,765**
29,851	**0**	**2,580**	**237**	**-889**	**15**	**31,794**

STATEMENT OF CASH FLOWS (INDIRECT METHOD)

(€ million)	31/12/2020	31/12/2019
Earnings before taxes	**3,390**	**3,587**
Changes in non-cash items	**12,615**	**14,766**
Change in the provisions for unearned premiums and for unexpired risks for non-life segment	2	45
Change in the provisions for outstanding claims and other insurance provisions for non-life segment	-28	-271
Change in the mathematical provisions and other insurance provisions for life segment	13,922	24,898
Change in deferred acquisition costs	43	50
Change in other provisions	233	282
Other non-cash expenses and revenues arising out of financial instruments, investment properties and investments in subsidiaries, associated companies and joint ventures	-635	-8,144
Other changes	-924	-2,093
Change in receivables and payables from operating activities	**1,956**	**1,137**
Change in receivables and payables arising out of direct insurance and reinsurance operations	1,012	426
Change in other receivables and payables	945	711
Income taxes paid	**-1,366**	**-1,234**
Net cash flows from cash items related to investing or financing activities	**2,748**	**2,083**
Financial liabilities related to investment contracts	1,829	388
Payables to banks and customers	1,113	1,859
Loans and receivables from banks and customers	-194	-164
Other financial instruments at fair value through profit or loss	0	0
NET CASH FLOWS FROM OPERATING ACTIVITIES	**19,343**	**20,339**
Net cash flows from investment properties	-706	-96
Net cash flows from investments in subsidiaries, associated companies and joint ventures (***)	-812	1,162
Net cash flows from loans and receivables	1,642	-105
Net cash flows from held to maturity investments	183	153
Net cash flows from available for sale financial assets	-9,404	-12,019
Net cash flows from tangible and intangible assets	-335	-575
Net cash flows from other investing activities	-6,548	-4,995
CASH FLOW FROM INVESTING ACTIVITIES	**-15,981**	**-16,475**
Net cash flows from shareholders' equity attributable to the Group	0	0
Net cash flows from own shares	-73	-0
Dividends payment	-783	-1,413
Net cash flows from shareholders' equity attributable to minority interests (****)	-249	-307
Net cash flows from subordinated liabilities and other similar liabilities	-74	-779
Net cash flows from other financial liabilities	-1,085	-1,194
CASH FLOW FROM FINANCING ACTIVITIES	**-2,265**	**-3,694**
Effect of exchange rate changes on cash and cash equivalents	-59	27
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (*)	6,783	6,585
CHANGES IN CASH AND CASH EQUIVALENTS	1,039	197
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (**)	7,821	6,783

(*) Cash and cash equivalents at the beginning of the period include cash and cash equivalents (€ 6,874 million), liabilities to banks payables on demand (€ -68 million) and bank overdrafts (€ -23 million).

(**) Cash and cash equivalents at the end of the period include cash and cash equivalents (€ 7,900 million), liabilities to banks payables on demand (€ -79 million), bank overdrafts (€ -0.4 million).

(***) It includes mainly the consideration paid for the acquisition of Seguradoras Unidas (€ 501 million), Cattolica (€ 301 million) and Advance Care (€ 90 million).

(****) It refers entirely to dividends attributable to minority interests.

NOTES

BASIS OF PRESENTATION AND ACCOUNTING PRINCIPLES

BASIS OF PRESENTATION

This document is the consolidated financial statements of Generali Group, registered under number 026 of the Insurance Groups Register, whose Parent Company is Assicurazioni Generali S.p.A., a company established in Trieste in 1831 with a share capital of € 1,576,052,047 fully paid up.
The registered office of the Group and the Parent Company is established in Trieste, Piazza Duca degli Abruzzi, 2 and is registered under the number 1,00003 of the register of insurance and reinsurance companies.
The Generali Group's consolidated financial statements at 31 December 2020 were drawn up in accordance with the IAS/IFRS issued by the IASB and endorsed by the European Union, in accordance with the Regulation (EC) No. 1606 of 19 July 2002 and the Legislative Decree No. 58/1998, as subsequently amended.
The Legislative Decree No. 209/2005 empowered ISVAP (now IVASS) to give further instructions for financial statements and chart of accounts in compliance with the international accounting standards.
In this yearly report the Generali Group prepared its consolidated financial statements and Notes in conformity with the ISVAP (now IVASS) Regulation No. 7 of 13 July 2007, as subsequently amended, and information of the Consob Communication No. 6064293 of 28 July 2006.
As allowed by the aforementioned Regulation, the Generali Group believed it appropriate to supplement its consolidated financial statements with detailed items and to provide further details in the Notes in order to also meet the IAS/IFRS requirements.
The consolidated financial statements at 31 December 2020 were approved by the Board of Directors on 10 March 2021.
The consolidated financial statements at 31 December 2020 were audited by E&Y S.p.A., the appointed audit firm from 2012 to 2020.

Consolidated financial statements

The set of the consolidated financial statements is made up of the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows, as required by the ISVAP Regulation No. 7 of 13 July 2007, as subsequently amended. The financial statements also include special items that are considered significant for the Group.
The Notes, which are mandatory as minimum content established by IVASS, are presented in the appendices to the notes to this report.
This yearly report is drawn up in euro (the functional currency used by the entity that prepared the financial statements) and the amounts are shown in millions, unless otherwise stated, the rounded amounts may not add to the rounded total in all cases.

Consolidation methods

Investments in subsidiaries are consolidated line by line, whereas investments in associated companies and interests in joint ventures are accounted for using the equity method.
The balance sheet items of the financial statements denominated in foreign currencies are translated into euro based on the exchange rates at the end of the year.
The profit and loss account items are translated based on the average exchange rates of the year. They reasonably approximate the exchange rates at the dates of the transactions.
The exchange rate differences arising from the translation of the statements expressed in foreign currencies are accounted for in equity in an appropriate reserve and recognized in the profit and loss account only at the time of the disposal of the investments.
For what concerns the accounting criterion for the translation of the financial statements of subsidiaries operating in countries subject to hyperinflation, please refer to a subsequent section.
Exchange rates used for the translation in euro of specifically relevant currencies for Generali Group are disclosed below:

Exchange rates of the balance sheet

Currency	Exchange rate at the end of the period (€)	
	31/12/2020	31/12/2019
US dollar	1.224	1.123
Swiss franc	1.082	1.087
British pound	0.895	0.847
Argentine peso	102.864	67.207
Czech Koruna	26.262	25.414
Chinese renmimbi	8.002	7.819

Cambi di conversione del Conto Economico

Currency	Average exchange rate (€)	
	31/12/2020	31/12/2019
US dollar	1.141	1.120
Swiss franc	1.070	1.113
British pound	0.889	0.877
Argentine peso (*)	80.845	53.850
Czech Koruna	26.458	25.670
Chinese renmimbi	7.870	7.732

(*) in accordance with IAS 29, the items of profit or loss has been restated at the exchange rate at the end of the period.

Basis of consolidation

The consolidated financial statements of the Group include the financial statements of Assicurazioni Generali S.p.A. (Parent Company) and its subsidiaries.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing not merely protective rights that give it the current ability to direct the relevant activities of the investee, that impact meaningfully the returns of the investee);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangements with the other vote holders of the investee;
- rights arising from other contractual arrangements;
- Group voting rights and potential voting rights.

The Group reviews periodically and systematically if there was a variation of one or more elements of control, based on the analysis of the facts and the essential circumstances.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

In preparing the consolidated financial statements:

- the financial statements of the Parent Company and its subsidiaries are consolidated line by line through specific reporting packages, which contribute to the consistent application of the Group's accounting policies. For consolidation purposes, if the financial year-end date of a company differs from that of the Parent Company, the former prepares anyhow for the financial period the financial statements closed at 31 December of each financial year;
- all intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation process (intra-group losses are eliminated, except to the extent that the underlying asset is impaired);
- the carrying amount of the Parent Company's investment in each subsidiary and the Parent Company's portion of the shareholder's equity of each subsidiary are eliminated at the date of acquisition;
- profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The non-controlling interests, together with their share of profit are shown as separate items.

The impact of the changes in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Consequently, no additional goodwill or badwill is recognized.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in the profit or loss. Any retained investment is recognized at fair value.

Investment funds managed by the Group in which the Group holds an interest and that are not managed in the primary interest of the policyholders are consolidated based on the substance of the economic relationship and whether the conditions of control stated by IFRS 10 are satisfied. On consolidation of an investment fund, a liability is recognized to the extent that the Group is legally obliged to buy back participations held by third parties. Where this is not the case, other participations held by third parties are presented as non-controlling interests in equity.

Business combination and goodwill

Business combinations are acquisitions of assets and liabilities that constitutes a business and are accounted for by applying the so-called acquisition method. The acquisition cost is measured as the sum of the consideration transferred measured at its acquisition date fair value, including contingent consideration, liabilities assumed towards the previous owners and the amount of any non-controlling interests. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in the administrative expenses.

If in a business combination achieved in stages, the acquirer's previously held equity interests in the acquiree are re-measured at its acquisition date fair value and any resulting gain or loss is recognized in the profit or loss.

Any contingent consideration to be transferred or received by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised in either profit or loss or as a change in the other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured at fair value with changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within the shareholder's equity.

The assets acquired and liabilities deriving from a business combination are initially recognized at fair value at the acquisition date. Goodwill is initially measured at cost being the excess of the aggregate acquisition cost over the net value of the identifiable assets acquired and liabilities assumed. If the impairment test leads to the result that the acquisition cost is less than the fair value of the assets acquired and liabilities assumed, the difference is recognised in the profit and loss.

Investments in associates and joint ventures

The investments in associates and joint ventures are consolidated trough the equity method.

An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. If an investor holds, directly or indirectly through subsidiaries, 20% or more of the voting power of the investee, it is presumed that the investor has significant influence.

In general, joint arrangements are contractual agreements whereby the Group undertakes with other parties an economic activity that is subject to joint control. Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control exists when it is contractually agreed to share control of an economic activity, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Generali Group has assessed the nature of its current joint arrangements and determined them to be joint ventures and none are joint operations.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. Investments in associates and joint ventures are accounted for using the equity method and they are initially recognized at cost, which includes goodwill arising on acquisition. Goodwill is not separately tested for impairment. Any excess between the share of interest in the net fair value of the identifiable assets and liabilities of the investee compared to the initial cost is recognized in the income statement at the date of acquisition. The carrying amount of the investment is subsequently adjusted to recognize changes in the Group's share of the net assets of the associate or joint venture since the acquisition date. The income statement reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. Dividends receivable from associates are recognized as a reduction in the carrying amount of the investment.

At each reporting date, after application of the equity method the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognizes the loss as share of losses of an associate in the income statement. Where the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

Upon loss of significant influence over the associate or joint control over the joint venture the Group measures and recognizes the retained investment at its fair value. Any difference between the net proceeds and the fair value of the retained interest and the carrying amount is recognized in the income statement and gains and losses previously recorded directly through OCI are reversed and recorded through the income statement.

Significant judgements in determining control, joint control and significant influence over an entity

The control is normally ensured by the full ownership of the voting rights, having thus the ability to direct the relevant activities and consequently being exposed to the variability of results arising from those activities.

The Group controls all the companies for which holds more than half of the voting rights. The Group does not control any subsidiary having less than the majority of voting rights and does not control any entity even though it holds half of the voting rights, except in three cases in which the Group controls the company owning half of the voting rights, being exposed to the variability of returns that depend on the operating policies that the Group, in substance, has the power to direct.

To a minor extent, the Group holds interests in associates and joint ventures. The agreements under which the Group has joint control of a separate vehicle are qualified as joint ventures where they give rights to the net assets. In three cases, the Group has no significant influence on a subject for which it holds more than 20% of the voting rights as the government structure is such that the Group, in substance, does not have the power to participate in financial and operating policies of the investee.

Regardless of the legal form of the investment, the evaluation of the control is made considering the real power on the investee and the practical ability to influence relevant activities, regardless of the voting rights held by the parent company or its subsidiaries.

In the Annexes to the consolidated financial statements the complete list of subsidiaries, associates and joint ventures included in the consolidated financial statements at 31 December 2020 is presented. Unless otherwise stated, the annex shows the share capital of each consolidated entity and the proportion of ownership interest held by the Group equals the voting rights of the Group.

The qualitative and quantitative disclosures required by IFRS 12 are provided in the paragraph Information on consolidation area and Group companies in the Notes.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of the monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

IAS 29 - Financial Reporting in Hyperinflationary Economies application on the Argentine companies

At 31 December 2020, as in the previous year, the IAS 29 - Financial Reporting in Hyperinflationary Economies to the financial statement values of the Argentine companies of the Group, Caja de Seguros S.A, Europ Assistance Argentina S.A, Caja de Ahorro y Seguro S.A., Ritenere S.A. is required, in particular the cumulative inflation rate over three years exceeds 100%.

The financial statements items of the abovementioned Argentine companies have been restated, applying the Argentine Consumer Price Index, which reflects the change of general purchasing power. In particular, the following items have been restated at the unit current at the end of the reporting period:

- non-monetary assets and liabilities;
- all items of comprehensive income, applying the change of the general price index from the date when income and expenses were initially registered in the financial statements;
- the items of the income statement have been restated at the closing exchange rate;
- restatement in the first period of application of the standard of the components of owners' equity, except retained earnings and any revaluation surplus, applying the Consumer Price Index from the dates the components were contributed. Restated retained earnings derive from the restatement of assets and liabilities;
- restatement at the end of the period of the components of owner's equity, applying the Consumer Price Index index at the beginning of the period.

The effects of reassessment until 31 December 2019 are included in the opening balance of shareholder's equity. The impacts at consolidated level are not material and do not require the presentation of the statements of Argentine companies.

ACCOUNTING PRINCIPLES

The accounting standards adopted in preparing the consolidated financial statements, and the contents of the items in the financial statements are presented in this section...

New accounting principles, changes in the accounting rules and in the financial statements

Following the endorsement of the European Union, as from the 1 January 2020 new principles and amendments shall be applied. The most relevant changes for the Group with respect to the consolidated financial statements at 31 December 2019 are described below. In addition, the main documents issued by the International Accounting Standard Board, that could be relevant for the Group, but not yet effective, are described.

New accounting principles, amendments and interpretations that shall be applied from 1 January 2020

The most significant new accounting standards or amendments to existing standards, effective from 1 January are illustrated below. Anyhow, there is not material impact for the Group.
Other applicable amendments not significant for the Group, are listed in the related paragraph, after the one on the new accounting standards and amendments not yet applicable.

AMENDMENTS TO IFRS 16 COVID-19-RELATED RENT CONCESSIONS

The IASB published on 28 May 2020 the Amendments to IFRS 16 Covid-19-Related Rent Concession, endorsed by the EU Regulation 2020/1434 on 9 October, which provides a practical expedient to account for Covid-19 related contract changes as if they were not lease modifications, and to not proceed, under specific conditions, to re-measure the lease liabilities. The Group does not expect significant impacts on the accounting treatment and classification of current leases.
The effective date is 1 June 2020.

There are not significant impacts on the accounting treatment and classification of current leases. The Group and its subsidiaries did not receive significant rent concessions, hence the amendment has not been applied.

INTEREST RATES REFORM - IBOR

As known, the project to replace the EURIBOR and EONIA reference rates by the European Commission, started in 2018, is going on. This change may have an impact on the existing hedging relationships and on the pricing of the financial assets and liabilities linked to these indices. The IASB has launched a project in order to limit the accounting impacts deriving from the reform, structured in 2 phases:

- pre-replacement phase, aimed at limiting any impacts on the financial statements in the period preceding the replacement of the current interest rate benchmarks with alternative rates (according to recent developments, the current transition phase has an expected duration until 2021);
- replacement phase, aimed at limiting any impacts on the balance sheet in the period following the replacement.

The board completed the first phase, by publishing on 26 September 2019 the amendment to IAS 39 and IFRS 9 Interest Rate Benchmark Reform, endorsed by EU Regulation 2020/34 on 15 January 2020, effective from 1 January 2020.
The new standard introduces changes to hedge accounting requirements in such a way that the reform of the reference rates has no effect on the hedging relationships that should be directly impacted by the modification of the interest rate benchmarks.
The entity can assume that the cash flows linked to these reference rates are not affected by the change so as not to determine the ineffectiveness of the existing hedging relationships and their termination. Substantially the impacts are neutralized by the amendment in question. In particular, the significant changes to IAS 39 are as follows:

- high probability for the effectiveness of a hedge of a forecast transaction is not affected by the change in the reference rate and the hedging relationship does not cease;
- about the effectiveness test, the change in rates does not determine the ineffectiveness and the termination of the hedging relationship.

There are no significant impacts on the pricing of the derivatives and on the hedging relationships in place for the Group.

New accounting principles and amendments not yet applicable

IFRS 9 – FINANCIAL INSTRUMENTS

IFRS 9 replaces IAS 39 - Financial Instruments: Classification and Measurement and includes a principle-based model for the classification and measurement of financial instruments, an impairment model based on expected losses and a hedge accounting approach more in line with risk management strategies

Classification and measurement

IFRS 9 introduces an approach to the classification of debt instruments that is based on contractual cash flows characteristics and models through which financial instruments are managed (business model).
In particular, the classification of financial instruments is driven by the business model through which the company manages its investments and the contractual terms of their cash flows.
A financial asset is measured at amortized cost if both of the following conditions are met:

- the asset is held to collect cash flows (business model assessment);
- the contractual cash flows represent only payments of principal and interest (solely payments of principal and interest–SPPI).

Considering to the contractual characteristics, a financial instrument is eligible for measurement at amortized cost if it consists in a basic lending agreement. The entity shall make its own assessment on the single financial instrument to assess if the nature of the contractual cash flows characteristics exclusively consists in payments of principal and interest (SPPI). If a modification of the time value of the interest results in cash flows that are significantly different than those of a basic lending agreement, then the instrument must be classified and measured at fair value through profit or loss.
If the business model (assessed on portfolio basis) has the objective to collect the cash flows from the investments and to sell financial assets and the contractual cash flows characteristics represent only payments of principal and interest, the financial instrument under assessment shall be measured at fair value through other comprehensive income with recycling to profit or loss when the instrument is realized.
As in the current IAS 39 - Financial Instruments: classification and measurement the entity has the ability at initial recognition, to designate a financial instrument at fair value through profit or loss if that would eliminate or significantly reduce the accounting mismatch in the measurement of assets or liabilities or recognition of gains and losses related to them.

The equity instruments shall be classified and measured at fair value through profit or loss. The entity has the irrevocable option at initial recognition to present changes in the fair value of the equity instruments that are not held for the purpose of trading at fair value recorded in other comprehensive income, with no recycling in the income statement except dividends.
In other cases, the financial instruments are classified and measured at fair value through profit or loss.
For further information see the following paragraph Implementation of the standard and the paragraph Disclosure regarding the deferred application of IFRS 9 - Financial Instruments.

Impairment

IFRS 9 introduced a new impairment approach for debt instruments measured at amortized cost or fair value recorded in other comprehensive income, which is based on expected losses. In particular, such new standard outlines an approach for the impairment in three stages based on the assessment of credit quality from the date of initial recognition at each balance sheet date:

- Stage 1 includes the financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date (investment grade). For these assets expected losses (ECL) over the next 12 months (12-month expected credit losses - losses expected in view of the possible occurrence of events of default in the next 12 months) are recognized in the profit or loss account. Interest is calculated on the gross carrying amount (i.e. without deduction of the loss allowance);
- Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised in a capital reserve (loss allowance), and in the profit or loss account, but interest revenue is still calculated on the gross carrying amount of the asset. (i.e. without deduction of the loss allowance);
- Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised in a capital reserve (loss allowance), and in the profit or loss account. Interest revenue is calculated on the net carrying amount (that is, net of credit allowance).

The model also introduces a simplified approach to trade receivables and leases for which it is not necessary to calculate the 12-month expected credit losses but are always recognized the lifetime expected credit losses.

Hedge accounting

IFRS 9 introduces a model substantially reformed for hedge accounting that allows better than in IAS 39 to reflect in financial statements the hedging activities undertaken by risk management.
In particular there is a significant simplification of the effectiveness test. There are no more predetermined thresholds of coverage to achieve effective hedge (i.e. 80-125% in the current IAS 39), but it is sufficient that:

- there is an economic relationship between the hedging instrument and the hedged item; and
- credit risk should not be the key component of the hedged risk (i.e. the change in fair value of the hedging relationship must not be dominated by the component of credit risk).

A transitional provision allows continuing to apply IAS 39 for all hedging transactions until completion of the macrohedging project.

Implementation of the standard

The principle has been endorsed by the European Union by the EU Regulation 2016/1905

The Group has opted for a deferred implementation in application of the amendment to IFRS 4 - Applying IFRS 9 Financial Instruments with IFRS 4 - Insurance Contracts.
The quantitative criteria for the purpose of adopting the deferral and the disclosure required to entities that apply IFRS 9 in arrears are included in the Information section relating to the deferred application of IFRS 9.

The implementation of IFRS 9 by the Group aims to ensure the correct and consistent application of the new accounting standard in conjunction with the entry into force of IFRS 17, the future standard on insurance contracts.
The Group expects impacts that may be material with reference to the classification and measurement of financial instruments and consisting of a larger part of the portfolio of the financial investments measured at fair value through profit or loss.
The Group is assessing the impacts of the new impairment model introduced by the standard and expects significant operational impacts related to the implementation of the calculation process of the aforementioned expected credit losses. With reference to the impairment, the Group assessed that the Expected Credit Losses model should lead to less relevant impacts on the financial statements considering the high creditworthiness of the Group debt portfolio.

IFRS 17 – INSURANCE CONTRACTS

On 18 May 2017, the IASB published IFRS 17 - Insurance Contracts, which replaces the current IFRS 4 - Insurance Contracts. The new standard introduces a new model for measuring insurance contracts, structured on a Building Block Approach based on the expected value of future cash flows, weighted by the probability of occurrence, on an adjustment for risk (Risk Adjustment) and on the expected value of the margin for the services offered (Contractual Service Margin - CSM). The adoption of a simplified approach (Premium Allocation Approach) is allowed if the contractual coverage period is less than one year or if the model used for the assessment provides a reasonable approximation with respect to the block approach. The Variable Fee Approach (VFA) was also introduced, an alternative model to the Building Block Approach that applies in particular to profit-sharing contracts, whose scope of application is very significant for the Group in light of the current portfolio mix.
In light of some critical issues raised by stakeholders regarding certain requirements of IFRS 17 and the interpretative elements that emerged from the Transition Resource Group (TRG), the IASB published a modified version of IFRS 17 on 26 June 2020. The amendments introduced they do not affect the fundamental principles of the standard and do not reduce the usefulness of the information for investors. First of all, the new text postponed the entry into force of the standard to 1 January 2023. From the point of view of the other requirements, the main changes concerned:

- The introduction of the option to change the estimates made in previous interim evaluations;
- The recognition and assessment of the recoverability of the acquisition costs linked to the expected contractual renewals;
- The recognition of the recovery on reassurance contracts held when related to underlying onerous contracts;
- The extension of the Risk mitigation option to reinsurance contracts held and derivative financial instruments at fair value in the income statement;
- The attribution of the CSM considering the amount of benefits and the expected period of both insurance and investment services;
- The simplification of the presentation of liabilities and assets from insurance contracts in portfolios;
- Lightening of some requirements during the transition to the new standard and other minor changes.

The Group has incorporated the amendments to IFRS 17 into its standard implementation program.

Implementation of the standard

The Group expects a radical change in the financial statement information both in terms of evaluation of the technical provisions and in the representation of the economic performance and the notes to the financial statements. In light of the extraordinary significance of the changes introduced by the standard, very significant impacts are also expected in terms of resources, processes and information systems to support the assessment framework.

In order to adopt IFRS 17 in the Group's consolidated financial statements, a global finance transformation program is in place. This program involves various central and local functions and has the objective of implementing IFRS 17 and IFRS 9 consistently at Group level. In particular, the program includes functional workstream dedicated to developing the methodological and interpretative aspects of the standard in coherence with the market practices of the sector and evaluating the evolutions coming from the process of new resolution of the IASB and endorsement at European level, and implementation workstream dedicated to the implementation of the operating model and architecture of the target information systems. During 2020, the focus of the project was mainly dedicated to the implementation of the new model, while in 2021, in addition to the extension of some implementation phases following the update of the standard, the main objective will be the carrying out of various test phases. of the model in order to allow the transition to the new standard and the construction of comparative information preparatory to entry into force.

The Group is assessing the impacts of the joint application of IFRS 17 and IFRS 9 on the consolidated financial statements through regular quantitative impact exercises. Despite the final impact on balance sheet and future economic results is not foreseeable as of today as it is strongly influenced by the financial conditions at the transition date, in light of the requirements of the standard, the Group expects a significant discontinuity with respect to the current valuations linked to current of future cash flows according to a best estimate approach and the recognition of future profits and contracts within the CSM.

OTHER NOT SIGNIFICANT CHANGES FOR THE GROUP

Amendment	EU Effective date	Date of publication
Amendments to IFRS 3 Business Combinations	1 January 2020	22 October 2018
Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020	31 October 2018
Amendments to References to Conceptual Framework in IFRS Standards	1 January 2020	29 March 2018

BALANCE SHEET - ASSETS

Intangible assets

In accordance with IAS 38, an intangible asset is recognised if, and only if, it is identifiable and controllable, and it is probable that the expected future economic benefits attributable to the asset will flow to the company and the cost of the asset can be measured reliably.

This category includes goodwill and other intangible assets, such as goodwill recognised in the separate financial statements of the consolidated companies, software and purchased insurance portfolio.

This item also includes leased assets which are allocated to the individual macro-items in the financial statements on the basis of the nature of the assets

GOODWILL

Goodwill is the sum of future benefits not separately identifiable in a business combination. At the date of acquisition, the goodwill is equal to the excess between the sum of the consideration transferred, including contingent consideration, liabilities assumed towards the previous owners the fair value of non-controlling interests as well as, in a business combination achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree and the fair value (present value) of net amount of the separately identifiable assets and liabilities acquired.

After initial recognition, goodwill is measured at cost less any impairment losses and it is no longer amortised. According to IAS 36, goodwill is not subject to amortization. Realized gains and losses on investments in subsidiaries include the related goodwill. Goodwill is tested at least annually in order to identify any impairment losses.

The purpose of the impairment test on goodwill is to identify the existence of any impairment losses on the carrying amount recognised as intangible asset. In this context, cash-generating units to which the goodwill is allocated are identified and tested for impairment. Cash-generating units (CGU) units usually represent the consolidated units within the same primary segment in each country. Any impairment is equal to the difference, if negative, between the carrying amount and the recoverable amount, which is the higher between the fair value of the cash-generating unit and its value in use, i.e. the present value of the future cash flows expected to be derived from the cash-generating units. The fair value of the CGU is determined on the basis of current market quotation or usually adopted valuation techniques (mainly Dividend Discount Model - DDM or alternatively Market Value Balance Sheet or appraisal value). The Dividend Discount Model is a variant of the Cash flows method. In particular the Dividend Discount Model, in the excess capital methodology, states that the economic value of an entity is equal to the discounted dividends flow calculated considering the minimum capital requirements. Such models are based on the projections on budgets/forecasts approved by management or conservative or prudential assumptions covering a maximum period of five years. Cash flow projections for a period longer than five years are extrapolated using estimated among others growth rates. The discount rates reflect the free risk rate, adjusted to take into account specific risks. Should any previous impairment losses no longer exist, they cannot be reversed.

For further details see paragraph Information on Consolidation perimeter and Group companies in the Notes.

OTHER INTANGIBLE ASSETS

Intangible assets with finite useful life are measured at acquisition or production cost less any accumulated amortisation and impairment losses. The amortisation is based on the useful life and begins when the asset is available for use. Specifically, the purchased software expenses are capitalised on the basis of the cost for purchase and usage.

The costs related to their development and maintenance are charged to the profit and loss account of the period in which they are incurred.

Other intangible assets with indefinite useful life are not subject to amortization. They are periodically tested for impairment.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is de-recognised.

Other intangible assets include the right of use of leased assets and is subject to the recoverability test, carried out with a view to the overall cash generating unit, as illustrated in the dedicated paragraphs.

Contractual relations with customers - insurance contracts acquired in a business combination or portfolio transfer

In case of acquisition of life and non-life insurance contract portfolios in a business combination or portfolio transfer, the Group recognises an intangible asset, i.e. the value of the acquired contractual relationships (Value of Business Acquired - VOBA). The VOBA is the present value of the pre-tax future profit arising from the contracts in force at the purchase date, taking into account the probability of renewals of the one-year contracts in the non-life segment. The related deferred taxes are accounted for as liabilities in the consolidated balance sheet.

The VOBA is amortised over the effective life of the contracts acquired, by using an amortization pattern reflecting the expected future profit recognition. Assumptions used in the development of the VOBA amortization pattern are consistent with the ones applied in its initial measurement. The amortization pattern is reviewed on a yearly basis to assess its reliability and, if applicable, to verify the consistency with the assumptions used in the valuation of the corresponding insurance provisions.

The difference between the fair value of the insurance contracts acquired in a business combination or a portfolio transfer, and the insurance liabilities measured in accordance with the acquirer's accounting policies

for the insurance contracts that it issues, is recognised as intangible asset and amortised over the period in which the acquirer recognises the corresponding profits.
The Generali Group applies this accounting treatment to the insurance liabilities assumed in the acquisition of life and non-life insurance portfolios. The future VOBA recoverable amount is nonetheless tested on yearly basis.
As for as the life and non-life portfolios, the recoverable amount of the value of the in-force business acquired is carried out through the liability adequacy test (LAT) of the insurance provisions — mentioned in the paragraph related to life and non-life insurance provisions— taking into account, if any, the deferred acquisition costs recognised in the balance sheet. If any, the impairment losses are recognised in the profit or loss account and cannot be reversed in a subsequent period.
Similar criteria are applied for the initial recognition, the amortization and the impairment test of other contractual relationships arising from customer lists of asset management sector, acquired in a business combination where the acquiree belongs to the financial segment.

Tangible assets

This item comprises land and buildings used for own activities and other tangible assets

LAND AND BUILDINGS (SELF-USED)

In accordance with IAS 16, this item includes land and buildings used for own activities.
Land and buildings (self-used) are measured applying the cost model set out by IAS 16. The cost of the self-used property comprises purchase price and any directly attributable expenditure.
The depreciation is systematically calculated applying specific economic/technical rates which are determined locally in accordance with the residual value over the useful economic life of each individual component of the property
Land and buildings (self-used) are measured at cost less any accumulated depreciation and impairment losses. Land and agricultural properties are not depreciated but periodically tested for impairment losses. Costs, which determine an increase in value, in the functionality or in the expected useful life of the asset, are directly charged to the assets to which they refer and depreciated in accordance with the residual value over the assets' useful economic life. Cost of the day-to-day servicing are charged to the profit and loss account.
Finance leases of land and buildings are accounted for in conformity with IAS 17 and require that the overall cost of the leasehold property is recognised as a tangible asset and, as a counter-entry, the present value of the minimum lease payments and the redemption cost of the asset are recognised as a financial liability.
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OTHER TANGIBLE ASSETS

Property, plant, equipment, furniture and property inventories are classified in this item as property inventory. They are initially measured at cost and subsequently recognised net of any accumulated depreciation (except inventories that are not depreciated) and any impairment losses. They are systematically depreciated on the basis of economic/technical rates determined in accordance with their residual value over their useful economic life. In particular the inventories are measured at the lower of cost (including cost of purchase, cost of conversion and cost incurred the inventories to their present location and condition) and net realizable value, i.e. the estimated selling price in the ordinary course of business less the estimated cost of completion and costs to sell.
An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is de-recognised.
The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.
This item also includes leased assets that are allocated to the specific balance sheet items based on the nature of the assets.

Reinsurance provisions

The item comprises amounts ceded to reinsurers from insurance provisions that fall under IFRS 4 scope. They are accounted for in accordance with the accounting principles applied to direct insurance contracts.

Investments

LAND AND BUILDINGS (INVESTMENT PROPERTIES)

In accordance with IAS 40, this item includes land and buildings held to earn rentals or for capital appreciation or both. Land and buildings for own activities and property inventories are instead classified as tangible assets. Furthermore, assets for which the sale is expected to be completed within one year are classified as non-current assets or disposal groups classified as held for sale.
To measure the value of land and buildings (investment properties), the Generali Group applies the cost model set out by IAS 40, and adopts the depreciation criteria defined by IAS 16. Please refer to the paragraph on land and buildings (self-used) for information about criteria used by the Group and finance leases of land and buildings.
This item also includes leased assets that are allocated to the specific balance sheet item based on the nature of the assets.

INVESTMENTS IN SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

This item includes investments in subsidiaries and associated companies valued at equity or at cost. Immaterial investments in subsidiaries and associated companies, as well as investments in associated companies and interests in joint ventures valued using the equity method belong to this category.
A list of such investments is shown in attachment to this Consolidated financial statement

FINANCIAL INVESTMENTS – CLASSIFICATION AND MEASUREMENT

Financial Instruments included in scope of IAS 39 are classified as follows:

- Held to maturity;
- Loans and receivables;
- Available for sale financial assets;
- Financial assets at fair value through profit or loss.

The classification depends on the nature and purpose of holding financial instruments and is determined at initial recognition except for allowed reclassifications in rare circumstances and when the purpose of holding the financial assets changes.
The financial investments are initially recognized at fair value plus, in the case of instruments not measured at fair value through profit or loss, the directly attributable transactions costs.
Non-derivative financial assets with fixed and determinable payments, those that the entity has the intention and the ability to hold to maturity, unquoted and not available for sale are subsequently measured at amortised cost.

Held to maturity financial assets

The category comprises the non-derivative financial assets with fixed or determinable payments and fixed maturity that a company has the positive intention and ability to hold to maturity, other than loans and receivables and those initially designated as at fair value through profit or loss or as available for sale. The intent and ability to hold investments to maturity must be demonstrated when initially acquired and at each reporting date. In the case of an early disposal (significant and not due to particular events) of said investments, any remaining investments must be reclassified as available for sale.
Held to maturity investments are accounted for at settlement date and measured initially at fair value and subsequently at amortised cost using the effective interest rate method and considering any discounts or premiums obtained at the time of the acquisition which are accounted for over the remaining term to maturity.

Loans and receivables

This category comprises non-derivative financial assets with fixed or determinable payments, not quoted in an active market. It does not include financial assets held for trading and those designated as at fair value through profit or loss or as available for sale upon initial recognition. In detail, the Generali Group includes in this category some unquoted bonds, mortgage loans, policy loans, term deposits with credit institutions, deposits under reinsurance business accepted, repurchase agreements, receivables from banks or customers accounted for by companies of the financial segment, and the mandatory deposit reserve with the central bank. The Group's trade receivables are instead classified as other receivables in the balance sheet.
Loans and receivables are accounted for at settlement date and measured initially at fair value and subsequently at amortised cost using the effective interest rate method and considering any discounts or premiums obtained at the time of the acquisition which are accounted for over the remaining term to maturity. Short-term receivables are not discounted because the effect of discounting cash flows is immaterial. Gains or losses are recognised in the profit and loss account when the financial assets are de-recognised or impaired as well as through the normal amortization process envisaged by the amortised cost principle.

Available for sale financial assets

Available for sale financial assets are accounted for at the settlement date at the fair value at the related transaction dates, plus the transaction costs directly attributable to the acquisition.
The unrealized gains and losses on available for sale financial assets arising out of subsequent changes in value are recognised in other comprehensive income in a specific reserve until they are sold or impaired. At this time the cumulative gains or losses previously recognised in other comprehensive income are accounted for in the profit and loss account.
This category includes quoted and unquoted equities, investment fund units (IFU) not held for trading, nor designated as financial assets at fair value through profit or loss, and bonds, mainly quoted, designated as available for sale.
Interests on debt financial instruments classified as available for sale are measured using the effective interest rate with impact on profit or loss. Dividends related to equities classified in this category are reported in profit or loss when the shareholder's right to receive payment is established, which usually coincides with the shareholders' resolution.
The Group evaluates whether the ability and intention to sell its Available for sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables

and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held to maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified from the available for sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR (Effective Interest Rate). Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

Financial assets at fair value through profit or loss

This category comprises financial assets held for trading, i.e. acquired mainly to be sold in a short term, and financial assets that upon initial recognition are designated as at fair value through profit or loss.

In particular both bonds and equities, mainly quoted, and all derivative assets, held for both trading and hedging purposes, are included in this category. Financial assets at fair value through profit or loss also take into account investments back to policies where the investment risk is borne by the policyholders and back to pension funds in order to significantly reduce the valuation mismatch between assets and related liabilities.

Structured instruments, whose embedded derivatives cannot be separated from the host contracts, are classified as financial assets at fair value through profit or loss.

The financial assets at fair value through profit or loss are accounted for at settlement date and are measured at fair value. Their unrealized and realized gains and losses at the end of the period are immediately accounted for in the profit and loss account.

The Group evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify them. The reclassification to loans and receivables, available for sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, as these instruments cannot be reclassified after initial recognition

DERECOGNITION

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognised when:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Receivables

This item includes receivables arising out of direct insurance and reinsurance operations, and other receivables.

RECEIVABLES ARISING OUT OF DIRECT INSURANCE AND REINSURANCE OPERATIONS

Receivables on premiums written in course of collection and receivables from intermediates and brokers, co-insurers and reinsurers are included in this item. They are accounted for at their fair value at acquisition date and subsequently at their presumed recoverable amounts.

OTHER RECEIVABLES

This item includes all other receivables, which do not have an insurance or tax nature. They are accounted for at fair value at recognition and subsequently at their presumed recoverable amounts.

Other assets

Non-current assets or disposal groups classified as held for sale, deferred acquisition costs, tax receivables, deferred tax assets, and other assets are classified in this item and includes leased assets that are allocated to the specific balance sheet items based on the nature of the assets.

NON-CURRENT ASSETS OR DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

This item comprises non-current assets or disposal groups classified as held for sale under IFRS 5. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification
They are measured at the lower of their carrying amount and fair value less costs to sell.
Discontinued operations are excluded from the results of continuing operations and are presented as a single amount in profit or loss after tax from discontinued operations in the income statement.

DEFERRED ACQUISITION COSTS

Concerning deferred acquisition costs, according to requirements of IFRS 4, the Group continued to apply accounting policies prior to the transition to international accounting principles. In this item acquisition costs paid before the subscription of multi-year contracts to amortize within the duration of the contracts are included.

DEFERRED TAX ASSETS

Deferred tax assets are recognized for deductible temporary differences between the carrying amounts of assets and liabilities and the corresponding amounts recognized for tax purposes.
In the presence of tax losses carried forward or unused tax credits, deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the aforementioned tax losses or unused tax credits.
Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity
Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.
Deferred tax assets are measured at the tax rates that are expected to be applied in the year when the asset is realized, based on information available at the reporting date
Deferred tax assets are not recognized in the following cases provided in paragraph 24 of IAS 12:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.
- for all deductible temporary differences between the carrying amount of assets or liabilities and their tax base to the extent that it is probable that taxable income will be available, against which the deductible temporary differences can be utilised.

TAX RECEIVABLES

Receivables related to current income taxes as defined and regulated by IAS 12 are classified in this item. They are accounted for based on the tax laws in force in the countries where the consolidated subsidiaries have their offices.
Current income tax relating to items recognised directly in equity are recognised in equity and not in the income statement.

OTHER ASSETS

The item mainly includes accrued income and prepayments, specifically accrued interest from bonds.
It also comprises deferred commissions for investment management services related to investment contracts. Deferred fee and commission expenses include acquisition commissions related to investment contracts without DPF fair valued as provided for by IAS 39 as financial liabilities at fair value through profit or loss. Acquisition commissions related to these products are accounted for in accordance with the IAS 18 treatment of the investment management service component. They are recognised along the product life by reference to the stage of completion of the service rendered. Therefore, acquisition commissions are incremental costs recognised as assets, which are amortised throughout the whole policy term on a straight-line approach, reasonably assuming that the management service is constantly rendered.
Deferred commissions for investment management services are amortised, after assessing their recoverability in accordance with IAS 36.
Tax credits not arising from Income Taxes, therefore out of the scope of IAS 12 - Income Taxes (including tax credits acquired on the market) are also included among Other assets.

Cash and cash equivalents

Cash in hand and equivalent assets, cash and balances with banks payable on demand and with central banks are accounted for in this item at their carrying amounts.
Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value are included in this item. Investments are qualified as cash equivalents only when they have a short maturity of 3 months or less from the date of the acquisition. Balance sheet – Liabilities and equity

BALANCE SHEET – LIABILITIES AND EQUITY

Shareholder's equity

SHAREHOLDER'S EQUITY ATTRIBUTABLE TO THE GROUP

Share capital

Ordinary shares are recognized as share capital and their value equals the nominal value.

Other equity instruments

The item includes preference shares and equity components of compound financial instruments.

Capital reserve

The item includes the share premium account of the Parent Company.

Revenue reserve and other reserves

The item comprises retained earnings or losses adjusted for the effect of changes arising from the first-time application of IAS/IFRS, reserves for share-based payments, equalisation and catastrophe provisions not recognised as insurance provisions according to IFRS 4, legal reserves envisaged by the Italian Civil Code and special laws before the adoption of IAS, as well as reserves from the consolidation process.

Own shares

As provided for by IAS 32, the item includes equity instruments of the Parent company held by the same company or by its consolidated subsidiaries.

Reserve for currency translation differences

The item comprises the exchange differences to be recognised in equity in accordance with IAS 21, which derive from accounting for transactions in foreign currencies and from the translation of subsidiaries' financial statements denominated in foreign currencies.

Reserve for unrealised gains and losses on available for sale financial assets

The item includes gains or losses arising from changes in the fair value of available for sale financial assets, as previously described in the corresponding item of financial investments.
The amounts are accounted for net of the related deferred taxes and deferred policyholder liabilities.

Reserve for other unrealised gains and losses through equity

The item includes the cash flow hedging derivatives reserve, the reserve for hedges of net investments in foreign operations. This item includes gains or losses on cash flow hedging instruments and gains or losses on hedging instruments of a net investment in a foreign operation. In addition, this item also includes the profits and losses relating to defined benefit plans and the part of the balance sheet reserves whose variation is part of the comprehensive income of participations and those relating to non-current assets or disposal groups classified as held for sale.
The item refers to the Group consolidated result of the period. Dividend payments are accounted for after the approval of the shareholders' general meeting

SHAREHOLDER'S EQUITY ATTRIBUTABLE TO MINORITY INTERESTS

The item comprises equity instruments attributable to minority interests. It also includes the reserve for unrealized gains and losses on available for sale investments and any other gains or losses recognized directly in equity attributable to minority interests.

Provisions

This item comprises amounts, gross of ceded reinsurance, of liabilities related to insurance contracts and investment contracts with discretionary participation features.

Insurance provisions

This item comprises amounts, gross of ceded reinsurance, of liabilities related to insurance contracts and investment contracts with discretionary participation features.

LIFE INSURANCE POLICIES

In accordance with IFRS 4, policies of the life segment are classified as insurance contracts or investment contracts based on the significance of the underlying insurance risk.

- Classification requires the following steps:
- identification of the characteristics of products (option, discretionary participation feature, etc.) and services rendered;
- determination of the level of insurance risk in the contract; and
- application of the international principle.

Insurance contracts and investment contracts with DPF

Premiums, payments and change in the insurance provision related to products whose insurance risk is considered significant (e.g. term insurance, whole life and endowment with annual premiums, life contingent annuities and contracts containing an option to elect at maturity a life contingent annuity at rates granted at inception, long-term health insurance and unit-linked with sum assured in case of death significantly higher than the value of the fund) or investment contracts with discretionary participation feature – DPF (e.g. policies linked to segregated funds, contracts with additional benefits that are contractually based on the economic result of the company) are accounted for in accordance with previous local GAAP, while maintaining the requirements of IFRS 4. Gross premiums are recognised as a revenue, net of cancellations of the period, and ceded premiums are recognised as expenses of the period.

Shadow accounting

In order to mitigate the valuation mismatch between financial investments carried at fair value according to IAS 39 and insurance provisions which are accounted for in accordance with previous local GAAP, shadow accounting is applied to insurance contracts and investments contracts with DPF. This accounting practice attributes to the policyholders' part of the difference between IAS/IFRS valuation of the basis on which the profit sharing is determined and valuation which is used to determine the profit sharing actually paid. This accounting treatment is included in the deferred policyholder liabilities in the life insurance provisions

The policyholders' share is calculated on the average contractual percentage for the policyholder participation, as the local regulation already foresees the protection of guaranteed obligations through the recognition of additional provisions for interest rate risk if future financial returns based on a proper time horizon are not sufficient to cover the financial guaranties included in the contract.
The accounting item arising from the shadow accounting application is included in the carrying amount of insurance liabilities whose adequacy is tested by the liability adequacy test (LAT) according to IFRS 4 (refer to paragraph Details on insurance and investment contracts), to rectify the IAS/IFRS carrying amount of insurance provisions.
The main accounting effect of the shadow accounting is double fold: on the one hand, the recognition of the policyholders' share of unrealized gains and losses on available for sale financial assets in the deferred policyholders' liabilities; on the other, the insurer's share is recognised in equity. If financial instruments are fair valued through profit or loss or financial investments are impaired, the policyholders' share on the difference between the market value and valuation used to determine the return which the profit sharing is based on (e.g. the carrying amount in segregated fund) is recognised in the profit and loss account. The shadow accounting also allows the recognition of an insurance liability related to unrealized gains on available for sale financial assets linked to contracts with discretionary participation feature, up to the amount of the increase in value of these assets due to the change of market rates.

Investment contracts

Investment contracts without DPF and that do not have a significant investment risk, mainly include unit/index-linked policies and pure capitalization contracts. These products are accounted for in accordance with IAS 39 as follows:

- the products are recognised as financial liabilities at fair value or at amortised cost. In detail, linked products classified as investment contracts are fair valued through profit or loss, while pure capitalization policies are generally valued at amortised cost;
- fee and commission income and expenses are recognised in the profit and loss account. Specifically, IAS 39 and IAS 18 require that they are separately identified and classified in the different components of: (i) origination, to be charged in the profit and loss account at the date of the issue of the product; and (ii) investment management service, to be recognised throughout the whole policy term by reference to the stage of completion of the service rendered;
- fee and commission income and incremental costs of pure capitalization contracts without DPF (other than administration costs and other non-incremental costs) are included in the amortised cost measurement;
- the risk component of linked products is unbundled, if possible, and accounted for as insurance contracts

LIFE INSURANCE PROVISIONS

Life insurance provisions are related to insurance contracts and investment contracts with discretionary participation features. These provisions are accounted for based on local GAAP, in compliance with IFRS 4.
Liabilities related to insurance contracts and investment contracts with discretionary participation features are determined analytically for each kind of contract on the basis of appropriate actuarial assumptions. They meet all the existing commitments based on best estimates.
These actuarial assumptions take into consideration the most recent demographic tables of each country where the risk is underwritten, aspects of mortality, morbidity, determination of risk-free rates, expenses and inflation. The tax charge is based on laws in force.
Among life insurance provisions, provisions in addition to mathematical provisions, already envisaged by the local regulations in case of adverse changes in the interest rates or mortality, are classified as provisions for the liability adequacy test. In case of any changes in the local legislation that are characterized by the introduction of excessive prudence, the Group applies paragraph 4.26 of IFRS 4 to ensure consistency with the valuation policies used by the Group in the context of IFRS.
As previously mentioned, insurance provisions include deferred policyholder liabilities related to contracts with DPF. The recognition of the deferred policyholder liabilities is made in accordance to shadow accounting, as already mentioned in paragraph Shadow accounting of section Insurance Provision.

Liability adequacy test (LAT) - Life segment

In accordance with IFRS 4, in order to verify the adequacy of the reserves a Liability Adequacy Test (LAT) is performed. The aim of the test is to verify if the technical provisions - inclusive of deferred policyholders' liabilities - are adequate to cover the current value of future cash flows related to insurance contracts.
The liability adequacy test is performed through the comparison of the IFRS reserves (which include the impact of shadow accounting), net of any deferred acquisition costs or intangible assets related to these contracts, with the current value of future cash flows related to insurance contracts. The abovementioned amount also includes the costs of embedded financial options and guarantees, which are measured with a market-consistent methodology. Technical reserves which are subject to the Liability Adequacy Test also include the interest rate risk provisions as required by local regulations.
The insurance contracts modelling and best estimates assumptions used are consistent with the evaluation process of the insurance provisions in accordance with Solvency II and subject to audit process in compliance with the current regulation.
Each inadequacy is charged to the profit and loss account, initially reducing deferred acquisition costs and value of business acquired, and subsequently, for the excess, through the recording of a specific reserve, it is done through the application of the so-called shadow accounting, as already described in the paragraph Shadow accounting of technical provisions.

NON-LIFE INSURANCE PROVISIONS

The local GAAP for each country is applied to non-life insurance provisions, since all the existing policies fall under IFRS 4 scope. In conformity with the international standard, no provisions for future claims are recognised, in line with the derecognition of the equalisation and catastrophe provisions and some additional components of the unearned premiums provisions, carried out on the date of the first-time application.
The provisions for unearned premiums include the pro-rata temporis provision, which is the amount of gross premiums written allocated to the following financial periods, and the provision for unexpired risks, which provides for claims and expenses in excess of the related unearned premiums.
The provisions for outstanding claims are determined by a prudent assessment of damages, based on objective and prospective considerations of all predictable charges.
Provisions are deemed adequate to cover payments of damages and the cost of settlement of claims related to accident occurred during the year but not yet reported.
The non-life insurance provisions meet the requirements of the liability adequacy test according to IFRS 4.
Amounts ceded to reinsurers from insurance provisions are determined in accordance with the criteria applied for the direct insurance and accepted reinsurance.
The criteria used locally for the determination of the technical provisions are usually in line with the requirements of the Liability adequacy test provided for by the IFRS 4. Otherwise, the Group performs the liability adequacy test in line with the methodology described above.
Amounts ceded to reinsurers from insurance provisions are determined in accordance with the criteria applied for the direct insurance and accepted reinsurance.

Financial liabilities

Financial liabilities at fair value through profit or loss and financial liabilities at amortised cost are included in this item.

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

The item refers to financial liabilities at fair value through profit or loss, as defined and regulated by IAS 39. In detail, it includes the financial liabilities related to investment contracts where the investment risk is borne by the policyholders as well as derivative liabilities.

OTHER FINANCIAL LIABILITIES

The item includes financial liabilities within the scope of IAS 39 that are not classified as at fair value through profit or loss and are instead measured at amortised cost.
This item comprises both subordinated liabilities, which, in the case of bankruptcy, are to be repaid only after the claims of all other creditors have been met, and hybrid instruments.
Bond instruments issued are measured at issue price, net of costs directly attributed to the transaction. The difference between the aforesaid price and the reimbursement price is recognised along the duration of the issuance in the profit and loss account using the effective interest rate method.
Furthermore, it includes liabilities to banks or customers, deposits received from reinsurers, bonds issued, lease liabilities, other loans and financial liabilities at amortised cost related to investment contracts that do not fall under IFRS 4 scope.

DERECOGNITION

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.
When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Payables

PAYABLES ARISING OUT INSURANCE OPERATIONS

The item includes payables deriving from insurance and reinsurance transactions.

OTHER PAYBLES

This item mainly includes provisions for the Italian trattamento di fine rapporto (employee severance pay). These provisions are accounted for in accordance with IAS 19 (see paragraph Other liabilities).

Other liabilites

The item comprises liabilities not elsewhere accounted for. In detail, it includes liabilities directly associated with non-current assets and disposal groups classified as held for sale, tax payables and deferred tax liabilities and deferred fee and commission income.

LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

The item includes liabilities directly associated with a disposal group, for which assets are equally classified as held for sale, as by defined by IFRS 5.

DEFERRED TAX LIABILITIES

Deferred tax liabilities are recognised for all taxable temporary differences between the carrying amount of assets and liabilities and their tax base, Deferred tax liabilities are measured at the tax rates that are expected to be applied in the year when temporary differences will be taxable, are based on the tax rates and tax laws enacted or substantively enacted at the reporting date.
Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.
Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.
Deferred tax liabilities are not recognized in the following cases provided for in paragraph 15 of IAS 12:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

TAX PAYABLES

The item includes payables due to tax authorities for current taxes. Current income tax relating to items recognised directly in equity is recognised in equity and in the comprehensive income, while not in the income statement. This item includes also the uncertainties in the accounting treatment of income taxes, as required by IFRIC 23.

OTHER LIABILITIES

This item includes provisions for defined benefit plans, such as termination benefit liabilities and other long-term employee benefits (the Italian provision for trattamento di fine rapporto is excluded and classified as other payables). In compliance with IAS 19, these provisions are measured according to the project unit credit method. This method implies that the defined benefit liability is influenced by many variables, such as mortality, employee turnover, salary trends, expected inflation, expected rate of return on investments, etc. The liability recognised in the balance sheet represents the net present value of the defined benefit obligation less the fair value of plan assets (if any), adjusted for any actuarial gains and losses and any past service costs not amortised. The rate used to discount future cash flows is determined by reference to market yields on high-quality corporate bonds. The actuarial assumptions are periodically tested to confirm their consistency. The actuarial gains and losses arising from subsequent changes in variables used to make estimates are recognised shall be accounted for in other comprehensive income without any possibility of recycling to profit and loss.

Deferred fee and commission income include acquisition loadings related to investment contracts without DPF, which are classified as financial liabilities at fair value through profit or loss, according to IAS 39.

Acquisition loadings related to these products are accounted for in accordance with IFRS 15 treatment of the investment management service component during the product life. They are recognised by reference to the stage of completion of the service rendered.

Therefore, the acquisition commissions have been reclassified in the balance sheet, as liabilities to be released to the profit and loss account during the life of the product.

PROFIT AND LOSS ACCOUNT

Income

EARNED PREMIUMS

The item includes gross earned premiums on insurance contracts and investment contracts with discretionary participation features, net of earned premiums ceded.

FEE AND COMMISSION INCOME

The item includes fee and commission income for financial services rendered by companies belonging to the financial segment and fee and commission income related to investment contracts.

NET INCOME FROM FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The item comprises realized gains and losses, interests, dividends and unrealized gains and losses on financial assets and liabilities at fair value through profit or loss.

INCOME FROM SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

The item comprises income from investments in subsidiaries, associated companies and joint ventures, which are accounted for in the corresponding asset item of the balance sheet and it is related to the Group share of result attributable to each associate or joint venture.

INCOME FROM FINANCIAL INSTRUMENTS AND OTHER INVESTMENTS

The item includes income from financial instruments not at fair value through profit or loss and from land and buildings (investment properties). In detail, it includes mainly interests from financial instruments measured using the effective interest method, other income from investments, including dividends recognised when the right arises, income from properties used by third parties, realized gains from financial assets, financial liabilities and investment properties and reversals of impairment.

OTHER INCOME

The item includes: revenue arising from sale of goods and rendering of services other than financial services; other insurance income; gains on foreign currency accounted for under IAS 21; realized gains and reversals of impairment on tangible assets and other assets; and any gains recognised on the re-measurement of non-current assets or disposal groups classified as held for sale.

Expenses

NET INSURANCE BENEFIT AND CLAIMS

The item includes the amounts paid in respect of claims occurring during the period, maturities and surrenders, as well as the amounts of changes in insurance provisions that fall under IFRS 4 scope, net of recoveries and reinsurance. It also comprises changes in the provision for deferred policyholders' liabilities with impact on the profit and loss account.

FEE AND COMMISSION EXPENSES AND EXPENSES FROM FINANCIAL SERVICE ACTIVITIES

The item includes fee and commission expenses for financial services received by companies belonging to the financial segment and fee and commission expenses related to investment contracts.

EXPENSES FROM SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

The item includes expenses from investments in subsidiaries, associated companies and joint ventures, which are accounted for in the corresponding asset item of the balance sheet and it is related to the Group share of result attributable to each associate or joint venture.

EXPENSES FROM FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The item comprises expenses from land and buildings (investment properties) and from financial instruments not at fair value through profit or loss. It includes: interest expense; expenses on land and buildings (investment properties), such as general property expenses and maintenance and repair expenses not recognised in the carrying amount of investment properties; realized losses from financial assets, financial liabilities and land and buildings (investment properties); depreciations and impairment of such investments.

ACQUISITION AND ADMINISTRATION COSTS

The item comprises acquisition commissions, other acquisition costs and administration costs related to contracts that fall under IFRS 4 scope.

Other acquisition costs and administration costs related to investment contracts without discretionary participation features are also included, as well as overheads and personnel expenses for investment management, and administration expenses of non-insurance companies.

OTHER EXPENSES

The item includes: other insurance expenses; allocation to provisions; losses on foreign currency accounted for under IAS 21; realized losses, impairment and depreciation of tangible assets not elsewhere allocated; and amortization of intangible assets. It also comprises any loss on the re-measurement of non-current assets or disposal groups classified as held for sale, other than discontinued operations.

CAPITALIZATION OF BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Income taxes

The item includes income taxes for the period and for previous years, deferred taxes and tax losses carried back, as well as the tax benefit from tax losses. This item includes also the uncertainties in the accounting treatment of income taxes, as required by IFRIC 23.

COMPREHENSIVE INCOME

The statement of comprehensive income was introduced by the revised IAS 1 issued in September 2007 by the IASB, approved by the EC Regulation No 1274/2008. The statement comprises items of income and expenses different from those included in profit or loss, recognised directly in equity other than those changes resulting from transactions with shareholders.
In accordance with the ISVAP (now IVASS) Regulation n.7/2007 as subsequently amended, items of income and expenses are net of taxes as well as net of gains and losses on available for sale assets attributable to the policyholders according to the deferred policyholders' liabilities calculation.
The transactions with owners and the result of comprehensive income are presented in the statement of changes in equity.

STATEMENT OF CHANGES IN EQUITY

The statement was prepared in accordance with the requirements of the ISVAP (now IVASS). 7 of 13 July 2007 as subsequently amended, and explains all the variations of equity.

Change of the closing balance

This section comprises changes of the closing balance of the previous financial year determined by the correction of errors or changes in accounting policies (IAS 8) and by the change in the values of the assets and liabilities deriving from the retrospective application of new or amended accounting principles.

Allocation

This section comprises the allocation of the profit or loss of the year, the allocation of the previous year profit or loss into the capital reserves, increases in capital and other reserves (for the issuance of new shares, equity instruments, stock options or derivatives on own shares, for the sale of shares pursuant to IAS 32.33, for the reclassification to equity instruments previously recognized in liabilities and, in the consolidated financial statements, for changes in scope of consolidation), changes within equity reserves (es. allocation of surplus capital, stock option exercise, transfer of revaluation reserves related to tangible and intangible assets to retained earnings in accordance with IAS 38.87 and IAS 16.41 etc.), the changes in gains and losses recognized directly in equity..

Reclassification adjustments to profit or loss

This section comprises gains or losses previously recognized in equity, that are reclassified to the profit or loss according to IFRSs (e.g. following the transfer of a financial asset available for sale).

Transfer

This section comprises the distribution of ordinary or extraordinary dividends, decreases in capital and other reserves (for redemption of shares, equity instruments and distributable reserves, the purchase of own shares, for the reclassification of liabilities previously recognized in equity instruments and, in the consolidated financial statements, for changes in scope of consolidation) and the attribution of profit or loss recognized directly in equity and in other balance sheet items (i.e. gains or losses on cash flow hedging instruments allocated to the carrying amount of hedged instruments).

Changes in ownership interests

This section comprises the effects capita transaction of the subsidiaries, that do not result in the loss of control.

Existence

This section comprises the equity components and gains or losses directly recognized in equity at the end of the reporting period.
The statement illustrates all changes net of taxes and gains and losses arising from the valuation of financial assets available for sale, attributable to policyholders and accounted for in the insurance liabilities.

CASH FLOWS STATEMENT

The report, prepared using the indirect method, is drawn up in accordance with the ISVAP (now IVASS) requirements n. 7 of 13 July 2007, as amended by Measure ISVAP (now IVASS) No. 2784 of 8 March 2010, and distinguishing its component items among operating, investing and financing activities.

OTHER INFORMATION

Fair value

IFRS 13 - Fair Value Measurement provides guidance on fair value measurement and requires disclosures about fair value measurements, including the classification of financial assets and liabilities in fair value hierarchy levels.
With reference to the investments, Generali Group measures financial assets and liabilities at fair value in the financial statements, or discloses the contrary in the notes.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). In particular, an orderly transaction takes place in the principal or most advantageous market at the measurement date under current market conditions.
A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:
(a) in the principal market for the asset or liability; or
(b) in the absence of a principal market, in the most advantageous market for the asset or liability.
The fair value is equal to market price if market information is available (i.e. relative trading levels of identical or similar instruments) into an active market, which is defined as a market where the items traded within the market are homogeneous, willing buyers and sellers can normally be found at any time and prices are available to the public.
If there isn't an active market, a valuation technique should be used which shall maximise the observable inputs. If the fair value cannot be measured reliably, amortised cost is used as the best estimate in determining the fair value.
As for measurement and disclosure, the fair value depends on the unit of account, depending on whether the asset or liability is a stand-alone asset or liability, a group of assets, a group of liabilities or a group of assets and liabilities in accordance with the related IFRS.
However, when determining fair value, the valuation should reflect its use if in combination with other assets.
With reference to non-financial assets, fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The highest and best use of a non-financial asset takes into account the use of the asset that is physically possible, legally permissible and financially feasible. However, an entity's current use of a non-financial asset is presumed to be its highest and best use unless market or other factors suggest that a different use by market participants would maximise the value of the asset.
For the liabilities, the fair value is represented by the price that would be paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price).
When a quoted price for the transfer of an identical or a similar liability or entity's own equity instrument is not available and the identical item is held by another party as an asset, an entity shall measure the fair value of the liability or equity instrument from the perspective of a market participant that holds the identical item as an asset at the measurement date.

FAIR VALUE HIERARCHY

Assets and liabilities measured at fair value in the consolidated financial statements are measured and classified in accordance with the fair value hierarchy in IFRS13, which consists of three levels based on the observability of inputs within the corresponding valuation techniques used.
The fair value hierarchy levels are based on the type of inputs used to determine the fair value with the use of adequate valuation techniques, which shall maximize the market observable inputs and limit the use of unobservable inputs:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; market-corroborated inputs).
- Level 3: inputs are unobservable inputs for the asset or liability, which reflect the assumptions that market participants would use when

pricing the asset or liability, including assumptions about risk (of the model used and of inputs used).

The fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgement, taking into account factors specific to the asset or liability.

A fair value measurement developed using a present value technique might be categorised within Level 2 or Level 3, depending on the inputs that are significant to the entire measurement and the level of the fair value hierarchy within which those inputs are categorised.

If an observable input requires an adjustment using an unobservable input and that adjustment results in a significantly higher or lower fair value measurement, the resulting measurement would be categorised within the level attributable to the input with the lowest level utilized.

Adequate controls have been set up to monitor all measurements including those provided by third parties. If these checks show that the measurement is not considered as market corroborated the instrument must be classified in level 3. In this case, generally the main inputs used in the valuation techniques are volatility, interest rate, yield curves, credit spreads, dividend estimates and foreign exchange rates.

VALUATION TECHNIQUES

Valuation techniques are used when a quoted price is not available or shall be appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Single or multiple valuation techniques valuation technique will be appropriate. If multiple valuation techniques are used to measure fair value, the results shall be evaluated considering the reasonableness of the range of values indicated by those results. A fair value measurement is the point within that range that is most representative of fair value in the circumstances.

Three widely used valuation techniques are:

- market approach: uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities;
- cost approach: reflects the amount that would be required currently to replace the service capacity of an asset; and
- income approach: converts future amounts to a single current (i.e. discounted) amount.

Application to assets and liabilities

- Debt securities

Generally, if available and if the market is defined as active, fair value is equal to the market price.

In the opposite case, the fair value is determined using the market and income approach. Primary inputs to the market approach are quoted prices for identical or comparable assets in active markets where the comparability between security and benchmark defines the fair value level. The income approach in most cases means a discounted cash flow method where either the cash flow or the discount curve is adjusted to reflect credit risk and liquidity risk, using interest rates and yield curves commonly observable at frequent intervals. Depending on the observability of these parameters, the security is classified in level 2 or level 3.

- Equity securities

Generally, if available and if the market is defined as active, fair value is equal to the market price.

In the opposite case, the fair value is determined using the market and income approach. Primary inputs to the market approach are quoted prices for identical or comparable assets in active markets where the comparability between security and benchmark defines the fair value level. The income approach in most cases means a discounted cash flow method estimating the present value of future dividends. Depending on the observability of these parameters, the security is classified in level 2 or level 3.

- Investments fund units

Generally, if available and if the market is defined as active, fair value is equal to the market price.

In the opposite case, the fair value of IFU is mainly determined using net asset values (NAV) provided by the fund's managers provided by the subjects responsible for the NAV calculation. This value is based on the valuation of the underlying assets carried out through the use of the most appropriate approach and inputs. Depending on how the share value is collected, directly from public providers or through counterparts, the appropriate hierarchy level is assigned. If this NAV equals the price at which the quote can be effectively traded on the market in any moment, the Group considers this value comparable to the market price.

- Private equity funds and Hedge funds

Generally, if available and if the market is defined as active, fair value is equal to the market price.

In the opposite case, the fair value of private equity funds and hedge funds is generally expressed as the net asset value at the balance sheet date, determined using periodical net asset value and audited financial statements provided by fund administrators, in case adjusted for the illiquidity of the same fund and consequently hierarchized according to the quality of the inputs used. If at the balance sheet date, such information is not available, the latest official net asset value is used. The fair value of these investments is also closely monitored by a team of professionals within the Group.

- Derivatives

Generally, if available and if the market is defined as active, fair value is equal to the market price.

In the opposite case, the fair value of derivatives is determined using internal valuation models or provided by third parties. In particular, the fair value is determined primarily on the basis of income approach using deterministic or stochastic models of discounted cash flows commonly shared and used by the market.
The main input used in the valuation include volatility, interest rates, yield curves, credit spreads, dividend estimates and exchange rates observed at frequent intervals.
With reference to the fair value adjustment for credit and debt risk of derivatives (credit and debt valuation adjustment CVA / DVA), the Group considered this adjustment as not material for the valuation of its positive and negative derivatives, as almost entirely of them is collateralized. Their evaluation does not take into account for these adjustments.

- Financial assets where the investment risk is borne by the policyholders and related to pension funds

Generally, if available and if the market is defined as active, fair value is equal to the market price. On the contrary, valuation methodologies listed above for the different asset classes shall be used.

- Financial liabilities

Generally, if available and if the market is defined as active, fair value is equal to the market price.
The fair value is determined primarily on the basis of the income approach using discounting techniques.
In particular, the fair value of debt instruments issued by the Group are valued using discounted cash flow models based on the current marginal rates of funding of the Group for similar types of loans, with maturities consistent with the maturity of the debt instruments subject to valuation.
The fair value of other liabilities relating to investment contracts is determined using discounted cash flow models that incorporate several factors, including the credit risk embedded derivatives, volatility, servicing costs and redemptions. In general, however, are subject to the same valuation techniques used for financial assets linked policies.

Accounting for derivatives

Derivatives are financial instruments or other contracts with the following characteristics:

- their value changes in response to the change in interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or other pre-defined underlying variables;
- they require no initial net investment or, if necessary, an initial net investment that is smaller than one which would be required for other types of contracts that would be expected to have a similar response to changes in market factors;
- they are settled at a future date. Derivatives are classified as at fair value through profit or loss.

The Group carries out hedging transactions accounted for using the hedge accounting technique

According to this accounting model the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in an appropriate item of comprehensive income while the ineffective portion of the gains or loss on the hedging instrument is recognized in profit or loss.
The amount accumulated in the other components of comprehensive income is reversed to profit and loss account in line with the economic changes of the hedged item.
When the hedging instrument expires or is sold, or the hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss on the hedging instruments, that remains recognized directly in the other components of other comprehensive income from the period when the hedge was effective, remains separately recognized in comprehensive income until the forecast transaction occurs. However, if the forecasted transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that remains recognized directly in the other components of comprehensive income from the period when the hedge was effective is immediately recognized in profit or loss.
With reference to emissions of some subordinated liabilities, the Group has entered into hedging transactions of the interest rates volatility and exchange rate fluctuations GBP/EURO, which for accounting purposes is designated as hedging the volatility of cash flows (cash flow hedge) and accounted adopting the hedge accounting technique.
Further the Group set cash flow hedges on forecast refinancing operations of subordinated liabilities that are accounted for as hedge of forecast operations, that are highly probable and could affect profit or loss. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in an appropriate item of comprehensive income. The ineffective portion of the gains or loss on the hedging instrument is recognized in profit or loss. If a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment.
Hedges of a net investment in a foreign operation are accounted for similarly to cash flow hedges: the effective portion of gain or loss on the hedging instrument is recognized among the components of profit or loss, while the part is not effective be recognized in the separate income statement.

Impairment losses on financial assets

As for financial assets, except investments at fair value through profit or loss, IAS 39 is applied whether there is any objective evidence that they are impaired.
Evidence of impairment includes, for example, significant financial difficulties of the issuer, its default or delinquency in interest or principal payments, the probability that the borrower will enter bankruptcy or other financial reorganisation and the disappearance of an active market for that financial asset.

The recognition of impairment follows a complex analysis in order to conclude whether there are conditions to effectively recognize the loss. The level of detail and the detail with which testing is being undertaken varies depending on the relevance of the latent losses of each investment. A significant or prolonged decline in the fair value of an investment in an equity instrument below its average cost is considered as an objective evidence of impairment.

The threshold of significance is defined at 30%, while the prolonged decline in fair value is defined as a continuous decline in market value below average cost for 12 months.

The prolonged decline in value of bonds and loans are evaluated as a result of specific analysis that involve the single issuances.

If an investment has been impaired in previous periods, further fair value declines are automatically considered prolonged.

If there is objective evidence of impairment the loss is measured as follows:

- on financial assets at amortised cost, as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate;
- on available for sale financial assets, as the difference between the cost and the fair value at the measurement date.

Reversals of impairment are recognized respectively: in the profit or loss in the case of debt instruments, in the equity reserve in the case of equity securities including shares of mutual funds (IFU).

Revenues from contracts with customers within to scope of IFRS 15

The Generali Group is a predominantly insurance group. The revenues arising from this business are defined by IFRS 4 - Insurance contracts; the other revenues arising from the sale of goods and services different from financial and insurance services, and arising from asset management are defined and disciplined by IFRS 15. These revenues are included in the income statement item Other income. In particular, within Generali Group, entities specialized in in banking, asset management and other residual businesses included in the segment Holding and other activities operates.

Revenues from contracts with customers for Generali Group are mainly financial and real estate asset manager, investment and pension funds commissions, as well as service and assistance. These revenues are not multi-annual and recognized on accrual basis during the financial year, and included in the item Commission income (note 27). In some cases, in particular in case of asset and pension fund management, the revenues are linked to managed amounts or to the performance of the assets. Despite this, significant judgements in estimate and measurement of revenues has been rarely needed, i.e. for the definition of transfer price, timing.

Within the Group, there are also other entities which operates in different activities, with an absolutely residual impact on Group revenues and income. The revenues arising from these activities are included in the item Other income and further detailed in item Other revenues.

The asset/liabilities arising from contracts with customers are not significant, in particular due to the above illustrated business.

Use of estimates

The preparation of financial statements compliant to IFRS requires the Group to make estimates and assumptions that affect items reported in the consolidations financial balance sheet and income statement and the disclosure of contingent assets and liabilities. The use of estimates mainly refers to as follows:

- insurance provisions for the life and non-life segment;
- financial instruments measured at fair value classified in level 3 of the fair value hierarchy;
- the analysis in order to identify durable impairments on intangible assets (e.g. goodwill) booked in in the balance sheet (impairment test);
- deferred acquisition costs and value of business acquired;
- other provisions
- deferred and anticipated taxes;
- defined benefit plan obligation;
- share-base payments.

Estimates are periodically reviewed and are based on key management's best knowledge of current facts and circumstances.

However, due to the complexity and uncertainty affecting the abovementioned items, future events and actions, actual results ultimately may differ from those estimates, possibly significantly.

Further information on the process used to determine assumptions affecting the abovementioned items and the main risk factors are included in the paragraphs on accounting principles and in the risk report.

Share based payments

The stock option plans granted by the Board in past periods configure as share based payments to compensate officers and employees. The fair value of the share options granted is estimated at the grant date and is based on the option pricing model that takes into account, at the grant date, factors such as the exercise price and the life of the options, the current price of the underlying shares, the expected volatility of the share price, the dividends expected on the shares and the risk-free interest rate as well as the specific characteristics of the plan itself. The pricing model is based on a binomial simulation that takes into account the possibility of early exercise of the options. If present, the pricing model estimates separately the option value and the probability that the market conditions are satisfied. Therefore, the abovementioned values determine the fair value of equity instruments granted.

Long term incentive plans, aimed at strengthening the bond between the remuneration of management and expected performance in accordance with the Group strategic plan, as well as the link between remuneration

and generation of value in comparison with peers, are also treated as an equity-settled share-based payment.
The fair value of the right to obtain free shares in relation to market condition is assessed at grant date and is based on a model that takes into account factors such as historical volatility of the Generali share price and of the peer group, the correlation between these shares, the dividends expected on the shares, the risk-free interest rate as well as the specific characteristics of the plan itself. The pricing model is based on simulation models generally used for this type of estimation. Other conditions different than market condition are considered external to this valuation. The probability that these conditions are satisfied, combined with the estimated fair value of the right to obtain free shares, defines the overall plan cost.
The cost is charged to the profit and loss account and, as a double-entry, to equity during the vesting period, taking into account, where possible, the probability of satisfaction of the vesting condition related to the rights granted.
The charge or credit to the profit or loss for a period represents the change in cumulative expense recognised as at the beginning and end of that period.
No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or a non-vesting condition. These are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.
When the terms of an equity-settled award are modified, the minimum expense to be recognised is the expense had the terms had not been modified, only if the original terms of the award are met.
An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.
When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.
The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Information of financial and insurance risk

In accordance with IFRS 7 and IFRS 4, the information which enables the users of financial statements to evaluate the Group exposure to financial and insurance risks and how these risks are managed is disclosed in the section Risk report in the management report. It provides a description of the principal risks to which the Group is exposed and risk governance. Further information regarding risk exposures are included in the Notes.

SEGMENT REPORTING

Generali activities could be split in different lines of business according to the products and services offered. In particular, in accordance to IFRS 8, four main sectors of activity have been defined:

- Non-life segment, which includes insurance activities performed in the non-life business;
- Life segment, which includes insurance activities performed in the life business;
- Asset management;
- Holding and other business segment.

LIFE SEGMENT

Activities of Life segment include saving and protection business, both individual and for family, as well as unit linked products with investment purposes and complex plans for multinationals.

Investment vehicles and entities supporting the activities of Life companies are also reported in this segment.

NON-LIFE SEGMENT

Activities of Non-life segment include both motor and non-motor businesses, among which motor third party liabilities, casualty, accident and health. It includes also more sophisticated covers for commercial and industrial risks and complex plans for multinationals.

Investment vehicles and entities supporting the activities of Non-life companies are also reported in this segment.

ASSET MANAGEMENT

This segment operates as a supplier of products and services both for the insurance companies of the Generali Group and for third-party customers identifying investment opportunities and sources of income for all of its customers, simultaneously managing risks. The products include equity and fixed-income funds, as well as alternative products.

The segment includes companies that may specialise in institutional or retail clients, rather than on Group insurance companies or on third-party customers, or on products such as real assets, high conviction strategies or more traditional solutions.

HOLDING AND OTHER BUSINESS

This grouping is a heterogeneous pool of activities different form insurance and asset management and in particular it includes banking activities, expenses related to the management and coordination activities, Group business financing as well as other activities that the Group considers ancillary to the core insurance business. The holding expenses mainly include the holding and regional sub-holding expenses regarding coordination activities, the expenses related to parent company stock option and stock grant plans as well interest expenses on the Group financial debt.

METHODS OF DISCLOSURE PRESENTATION

According to IFRS 8, the disclosure regarding operating segments of the Group is consistent with the evidence reviewed periodically at the highest managerial level for the purpose of making operational decisions about resources to be allocated to the segments and assessment of results.

Assets, liabilities, income and expenses of each segment are presented in the tables below, prepared as defined by the ISVAP Regulation No. 7 of 13 July 2007 and subsequent amendments.

Segment data derives from a separate consolidation of the amounts of subsidiaries and associated companies in each business segment, eliminating of the effects of transactions between companies belonging to the same segment and eliminating the carrying amount of the investments in subsidiaries of the same segment. The reporting and control process implemented by Generali Group implies that assets, liabilities, income and expenses of companies operating in different business segments are allocated to each segment through specific segment reporting. Intra-group balances between companies belonging to different business segments are accounted for in the consolidation adjustments column in order to reconcile segment information with consolidated information.

In this context, Generali Group adopts a business approach on segment reporting, characterized by the fact that some transactions between companies belonging to different segments are eliminated within each segment.

The main impacts are explained below:

- the elimination in the non-life segment and holding and other businesses segment of participations and loans to companies of other segments, belonging to the same country, as well as related income (dividends and interests);
- the elimination in the non-life segment and holding and other businesses segment of realized gains and losses arising from intra-segment operations;
- the elimination in the life segment of participations and loans to companies of other segments, belonging to the same country, as well the related income (dividends and interests), if not backing technical reserves;
- the elimination in the life segment of realized gains and losses arising from intra-segment operations if not backing technical reserves.

Furthermore, loans and related interest expenses on loans between Group companies belonging to different segments are eliminated directly in each segment.

This approach allows to reduce consolidation adjustments, which in this view principally consist of investments and dividends received by life and non-life companies from companies belonging to other segments, intragroup financing and related interest income and fee and commissions income and expenses on financial services rendered or received by Group companies, still allowing for an adequate performance presentation for each segment.

Annex 1

Segment reporting - Balance sheet

(€ million)	NON-LIFE SEGMENT		LIFE SEGMENT	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
1 INTANGIBLE ASSETS	4,108	3,679	4,644	4,818
2 TANGIBLE ASSETS	2,031	2,116	680	701
3 AMOUNTS CEDED TO REINSURERS FROM INSURANCE PROVISIONS	2,565	2,593	2,542	1,789
4 INVESTMENTS	38,384	37,549	441,687	414,003
4.1 Land and buildings (investment properties)	3,706	3,967	7,722	7,398
4.2 Investments in subsidiaries, associated companies and joint ventures	2,857	2,577	9,804	6,483
4.3 Held to maturity investments	156	165	1,144	1,256
4.4 Loans and receivables	2,866	3,147	26,161	27,332
4.5 Available for sale financial assets	26,217	26,047	294,187	277,748
4.6 Financial assets at fair value through profit or loss	2,581	1,645	102,669	93,787
5 RECEIVABLES	5,643	5,625	5,846	5,833
6 OTHER ASSETS	3,589	3,370	9,286	9,682
6.1 Deferred acquisition costs	349	306	1,767	1,815
6.2 Other assets	3,239	3,064	7,519	7,867
7 CASH AND CASH EQUIVALENTS	2,096	2,225	4,118	3,310
TOTAL ASSETS	**58,415**	**57,157**	**468,802**	**440,137**
1 SHAREHOLDERS' EQUITY				
2 OTHER PROVISIONS	933	814	537	538
3 INSURANCE PROVISIONS	33,000	31,652	409,330	387,560
4 FINANCIAL LIABILITIES	8,070	8,944	22,019	19,029
4.1 Financial liabilities at fair value through profit or loss	403	325	6,681	4,609
4.2 Other financial liabilities	7,667	8,618	15,338	14,420
5 PAYABLES	4,646	4,296	7,181	5,830
6 OTHER LIABILITIES	4,607	4,716	5,677	5,519
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES				

ASSET MANAGEMENT		HOLDING AND OTHER BUSINESSES		CONSOLIDATION ADJUSTMENTS		TOTAL	
31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
369	424	490	478	1	1	9,612	9,401
64	93	1,177	1,427	-148	-155	3,804	4,183
0	0	0	0	0	0	5,107	4,382
626	504	31,622	28,348	-19,796	-16,475	492,522	463,929
0	0	3,695	2,802	0	0	15,124	14,168
7	11	714	555	-11,276	-8,261	2,107	1,365
14	0	670	823	0	0	1,983	2,243
436	255	9,912	9,763	-8,518	-8,211	30,856	32,285
163	232	16,437	14,168	0	0	337,005	318,195
6	6	193	237	-2	-2	105,447	95,672
143	111	470	383	-0	1	12,101	11,954
164	169	677	677	-53	-47	13,664	13,852
0	0	0	0	0	0	2,117	2,121
164	169	677	677	-53	-47	11,547	11,731
245	278	1,619	1,319	-178	-258	7,900	6,874
1,612	**1,580**	**36,055**	**32,633**	**-20,174**	**-16,932**	**544,710**	**514,574**
						31,794	29,851
19	54	465	512	-182	-182	1,772	1,736
0	0	0	0	0	0	442,330	419,213
28	76	18,339	17,642	-4,388	-4,787	44,068	40,904
0	0	87	21	27	27	7,198	4,983
28	76	18,252	17,621	-4,416	-4,815	36,871	35,921
198	199	1,159	853	-1	-0	13,184	11,178
273	257	1,024	1,222	-21	-20	11,561	11,693
						544,710	**514,574**

Annex 2

Segment reporting - Income statement

(€ million)	NON-LIFE SEGMENT		LIFE SEGMENT	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
1.1 Net earned premiums	20,886	20,341	43,582	45,898
1.1.1 Gross earned premiums	22,175	21,486	45,218	46,651
1.1.2 Earned premiums ceded	-1,289	-1,145	-1,637	-753
1.2 Fee and commission income and income from financial service activities	3	1	112	71
1.3 Net income from financial instruments at fair value through profit or loss	3	-33	1,817	10,171
1.4 Income from subsidiaries, associated companies and joint ventures	158	138	337	273
1.5 Income from other financial instruments and land and buildings (investment properties)	1,298	1,476	11,578	11,376
1.6 Other income	1,851	1,484	1,664	1,599
1 TOTAL INCOME	**24,199**	**23,407**	**59,089**	**69,387**
2.1 Net insurance benefits and claims	-12,744	-13,073	-47,291	-58,009
2.1.1 Claims paid and change in insurance provisions	-13,409	-13,644	-48,671	-58,697
2.1.2 Reinsurers' share	665	571	1,380	688
2.2 Fee and commission expenses and expenses from financial service activities	0	0	-23	-21
2.3 Expenses from subsidiaries, associated companies and joint ventures	-4	-36	-95	-0
2.4 Expenses from other financial instruments and land and buildings (investment properties)	-726	-472	-2,292	-1,682
2.5Acquisition and administration costs	-5,984	-5,892	-5,269	-5,174
2.6Other expenses	-2,774	-2,158	-2,079	-1,721
2 TOTAL EXPENSES	**-22,232**	**-21,631**	**-57,048**	**-66,607**
EARNINGS BEFORE TAXES	**1,968**	**1,776**	**2,040**	**2,780**

ASSET MANAGEMENT		HOLDING AND OTHER BUSINESSES		CONSOLIDATION ADJUSTMENTS		TOTAL	
31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
0	0	0	0	0	0	64,468	66,239
0	0	0	0	0	0	67,393	68,137
0	0	0	0	0	0	-2,926	-1,898
970	843	1,062	1,038	-642	-599	1,504	1,354
0	1	-43	39	0	0	1,778	10,177
85	72	36	26	-473	-361	143	148
12	8	900	813	-110	-108	13,679	13,566
153	131	369	326	-366	-388	3,670	3,151
1,221	**1,055**	**2,324**	**2,242**	**-1,590**	**-1,456**	**85,242**	**94,635**
0	0	-0	0	24	20	-60,011	-71,062
0	0	-0	0	24	20	-62,056	-72,321
0	0	0	0	0	0	2,045	1,259
-230	-220	-466	-459	42	50	-677	-650
-0	-0	-3	-24	0	0	-102	-60
-17	-9	-874	-1,130	22	28	-3,887	-3,265
-379	-367	-490	-447	479	329	-11,643	-11,551
-91	-65	-1,062	-1,116	472	601	-5,534	-4,459
-717	**-661**	**-2,894**	**-3,177**	**1,039**	**1,028**	**-81,852**	**-91,048**
503	**394**	**-570**	**-935**	**-551**	**-429**	**3,390**	**3,587**

INFORMATION ON CONSOLIDATION AREA AND GROUP COMPANIES

1 CONSOLIDATION AREA

Based on the IFRS 10, the Consolidated financial statements include the figures for both the Parent company and the subsidiaries directly or indirectly controlled.
As at 31 December 2020, the consolidation area increased from 463 to 484 companies, of which 439 are subsidiaries consolidated line by line and 45 associated companies valued at equity.
Changes in the consolidation area compared to the previous year and the table listing companies included in the consolidation area are attached to these Notes, in the Appendix related to the change in the consolidation area, compared to 2019.

2 DISCLOSURES ON INTERESTS IN OTHER ENTITIES

2.1 Interests in subsidiaries

NON-CONTROLLING INTERESTS

A summary of the financial information relating to each subsidiary that have non-controlling interests material for the Group is provided here below. The amounts disclosed are before inter-company eliminations (except for the item Cumulated non-controlling interests of the subsidiary and profit or loss attributable to non-controlling interests that are disclosed from a consolidated perspective).

Non-controlling interests

Principal place of business	Gruppo Banca Generali Italy		Generali China Life Insurance Co. Ltd China	
(€ million)	31/12/2020	31/12/2019	31/12/2020	31/12/2019
BALANCE SHEET				
Investments	11,810	10,432	10,469	9,064
Other assets	1,007	924	336	315
Cash and cash equivalents	736	695	34	53
TOTAL ASSETS	13,553	12,052	10,839	9,432
Technical provisions	-	-	7,758	6,667
Financial liabilities	11,574	10,530	1,319	1,430
Other liabilities	680	542	702	451
Net Assets	1,300	980	1,060	883
TOTAL NET ASSETS AND LIABILITIES	**13,553**	**12,052**	**10,839**	**9,432**
NET ASSETS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	**698**	**527**	**570**	**481**
INCOME STATEMENT				
Net earned premiums	-	-	1,768	1,734
Fee and commission income	1,023	973	3	3
NET RESULT	515	483	-132	126
OTHER COMPREHENSIVE INCOME	69	147	93	139
TOTAL COMPREHENSIVE INCOME	584	630	-39	266
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	**135**	**133**	**65**	**63**
DIVIDENDS PAID TO NON-CONTROLLING INTERESTS	**-**	**73**	**24**	**21**
CASH FLOW				
cash flow from operating activities	79	-329	66	124
cash flow from investing activities	-16	-46	-48	-711
cash flow from financing activities	-15	-113	-19	556

TRANSACTIONS WITH NON-CONTROLLING INTERESTS

No relevant transactions with minority shareholders occurred during 2020. .

SIGNIFICANT RESTRICTIONS

In relation to the Group's interests in subsidiaries, no significant restrictions exist on the Group's ability to access or use its assets and settle its liabilities. For further details regarding restrictions on Group assets, please refer to paragraph Contingent liabilities, commitments, guarantees, pledged assets and collaterals in Additional information section.

2.2 Interests in associates

The Group has material interests into three associates that are accounted for according to the equity method.

Material Group associates

Company	Società Cattolica di Assicurazione - Società cooperativa	Deutsche Vermogensberatung Aktiengesellshaft DVAG	Guotai Asset Manegement Company
Nature of the relationship with the Group	Cattolica Assicurazioni is one of the major actors in the Italian insurance market. It has signed a strategic partnership with the Group on 4 business areas: Asset management, Internet of Things, Health and Reinsurance	DVAG is the leading sales network for financial services in Germany and has an exclusive distribution partnership with a company held by Generali Deutschland Group	Guotai is one of the first professional fund management companies in China. The company manages mutual funds and several Social Security Fund (SSF) portfolios adding up to approximately 60 billion of renmimbi (approximately € 8 billion) value of assets under management
Principal Place of business	Italy	Germany	China
Profit rights/voting rights held (if different)	24.46%	30% / 40%	30%

The summarised financial information relating to the most material associates in which the Group has an interest including the reconciliation with the related carrying amounts (including goodwill, where present) are provided here below.

Summarised financial information - material associates

(€ million)	Società Cattolica di Assicurazione - Società cooperativa
	30/09/2020 (*)
BALANCE SHEET	
Intangible assets	777
Tangible assets	231
Amounts ceded to reinsurers from insurance provisions	635
Investments	31,843
Other assets	**2,097**
Cash and cash equivalents	**589**
TOTAL ASSETS	36,172
Other provisions	55
Insurance provisions	30,578
Financial liabilities	1,571
Other liabilities	1,576
TOTAL LIABILITIES	**33,780**
SHAREHOLDERS' EQUITY	**2,392**
Shareholders' equity attributable to the Group	1,937
Shareholders' equity attributable to non-controlling interests	455

(*) (*) The financial information is referred to the last public financial statements of the associated company Cattolica Assicurazioni.

Carrying amount reconciliation - material associates

(€ million)	Società Cattolica di Assicurazione - Società cooperativa
	31/12//2020
Acquisition value	**361**
Total comprehensive income attributable to the Group	0
Dividends received during the year	0
Carrying amount in investee at the end of the year	**361**

The accounting of the investment through the equity method evaluation takes place with a temporal misalignment of three months with respect to the closing date of the Generali Group's financial statements, according to IAS 28 (par. 33 and 34). Consequently, the financial data outlined above are the values that can be inferred from the consolidated financial report of Cattolica Group as at 30 September 2020 and the stake of interest equal to 24.46% is that at the date of execution of the reserved capital increase.

Compared to the shareholders' equity inferable from the consolidated financial report at 30 September 2020, in accordance with IAS 28, the main adjustment consists of the full deduction of intangible assets. Taking into account the acquisition value, the accounting for the investment according to the equity method resulted in the recognition of an income of € 60 million under the item Other income.

Summarised financial information - material associates

	Deutsche Vermogensberatung Aktiengesellshaft DVAG		Guotai Asset Manegement Company	
(€ million)	31/12/2019 (*)	31/12/2018 (*)	31/12/2020	31/12/2019
INCOME STATEMENT				
Revenues	1,892	1,638	294	199
Profit from continuing operations	**204**	**202**	**106**	**68**
Profit from discontinued operations after taxes	0	0	0	0
Net result after taxes	204	202	80	51
Other comprehensive income	0	0	-3	8
TOTAL COMPREHENSIVE INCOME	**204**	**202**	**76**	**58**
BALANCE SHEET				
Intangible assets	116	147	2	2
Tangible assets	294	294	0	0
Amounts ceded to reinsurers from insurance provisions	0	0	0	0
Investments	128	29	371	112
Other assets	99	97	111	82
Cash and cash equivalents	473	436	18	185
TOTAL ASSETS	**1,109**	**1,004**	**502**	**381**
Other provisions	0		0	0
Insurance provisions	0	0	0	0
Financial liabilities	110	96	0	0
Other liabilities	532	485	187	114
TOTAL LIABILITIES	**642**	**581**	**187**	**114**
SHAREHOLDERS' EQUITY	**467**	**423**	**315**	**267**

(*) The financial information is referred to the last approved financial statements by the Shareholders meeting of the associated company Deutchsche Vermogensberatung Aktiengesellshaft DVAG.

Carrying amount reconciliation - material associates

	Deutsche Vermogensberatung Aktiengesellshaft DVAG		Guotai Asset Manegement Company	
(€ million)	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Carrying amount in investee as at 31 December previous year	**169**	**146**	**177**	**163**
Total comprehensive income attributable to the Group	102	67	20	18
Dividends received during the year	-42	-44	-6	-4
Carrying amount in investee at the end of the year	**229**	**169**	**191**	**177**

As part of the commercial relationships in the German area with the distribution partner DVAG, we inform that the current controlling shareholder hold a put option exercisable in respect of Generali Group.

At the reporting date no liability has been accounted for because the put option refers to an associate and therefore it does not fall into the category of the options on non-controlling interests referred to in par. 23 of IAS 32. The potential outflow of resources will be defined by the parties when and if the option is exercised on the basis of the fair value measurement criteria of the option itself. Furthermore, the Group holds interests in associates which are not individually material that, as mentioned above, are accounted for according to the equity method. The associates in which the Group has interest mainly operate in the insurance and financial services industries.

For these associates aggregated summarised financial information are provided here below:

Summarized financial information - immaterial associates

(€ million)	31/12/2020	31/12/2019
Carrying amount of interests in immaterial associates	**632**	**499**
Aggregated Group's share of:		
Profit from continuing operations	7	23
Profit from discontinued operations after taxes	-	-
Other comprehensive income	-12	19
Total comprehensive income	**-4**	**42**

In relation to the Group's interests in associates, no significant contractual, legal or regulatory restrictions exist on the Group's ability to access or use its assets and settle its liabilities. With respect to contingent liabilities, please refer to paragraph Contingent liabilities, commitments, guarantees, pledged assets and collaterals in Additional information section.

2.3 Joint ventures

Here below please find the information on Group joint ventures:

Aggregated information on immaterial joint ventures

(€ million)	31/12/2020	31/12/2019
Carrying amount of interests in immaterial joint ventures	**467**	**354**
Aggregated Group's share of:		
Profit from continuing operations	6	23
Profit from discontinued operations after taxes	-	-
Other comprehensive income	13	13
Total comprehensive income	**19**	**35**

SIGNIFICANT RESTRICTIONS

In relation to the Group's interests in joint ventures, no significant contractual, legal or regulatory restrictions exist on the Group's ability to access or use its assets and settle its liabilities, nor significant commitments exist. For further details regarding restrictions on Group assets, please refer to paragraph Contingent liabilities, commitments, guarantees, pledged assets and collaterals in Additional information section.

2.4 Unconsolidated structured entities

As of 31 December 2020, Generali Group holds no interests in unconsolidated structured entities that expose the Group to the variability of returns arising from their performance.
However, please find below the following case:

- In 2016 Generali Group stipulated a contract with Horse Capital I, an Irish designated activity company, to protect the aggregate motor third party liability (MTPL) loss ratio of 12 of its subsidiaries that write business in the 7 European countries in which Generali has a relevant market share in motor business (Italy, Germany, France, Austria, Czech Republic, Spain and Switzerland) Generali Group is considered a sponsor because it originated the insurance risk of the structured entity. The Group transferred by this protection, part of the risk linked to unexpected fluctuations of the MTPL loss ratio. Generali paid a different premium every year depending on the subscribed tranche - being 4% on Class A, 6.25% on Class B and 12% on Class C – on the amount of cover provided corresponding to each tranche amounting to € 85 million. The related cost is presented within the Earned premiums ceded line in the statement of Profit or loss. Such coverage referred to the period from 1 January 2017 to 31 December 2019 (the loss ratio trigger was never reached), while the bond matured in June 2020.
- In 2017, Assicurazioni Generali S.p.A. stipulated a reinsurance contract in the current year with Lion II Re DAC, an Irish special purpose company, which for a period of four years will cover the possible catastrophic losses suffered by the Generali Group following storms and floods in

Europe and earthquakes in Italy. The Lion II Re transaction transfers part of the risk to bond investors, thus optimizing the Group's protection against disasters. Generali paid an annual premium of 3.57% for a total of € 200 million of reinsurance coverage. This amount will be returned by Lion II Re DAC to investors if during the 4 years of operation of the transaction no events occurred on the Generali Group, deriving respectively from storms or floods in Europe or earthquake in Italy, in excess of pre-established damage thresholds each type of risk.

The aforementioned vehicles are not consolidated as the Generali Group has no control over the entities and is not exposed to the resulting variable returns.

3 INVESTMENTS IN SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

Investments in subsidiaries, associated companies and joint ventures

(€ million)	31/12/2020	31/12/2019
Investments in non-consolidated subsidiaries	227	164
Investments in associated companies valued at equity	1,397	826
Investments in joint ventures	467	354
Investments in other associated companies	15	22
Total	**2,107**	**1,365**

The increase is mainly due to the acquisition of Società Cattolica di Assicurazione - Società cooperativa and Klesia SA.

4 GOODWILL

Goodwill

(€ million)	31/12/2020	31/12/2019
Gross book value as at 31 December previous year	**7,201**	**6,680**
Accumulated depreciation and impairment as at 31 December previous year	**-20**	**0**
Carrying amount as at 31 December previous year	**7,180**	**6,680**
Change in consolidation scope	462	511
Other variations	8	9
Gross book value as at the end of the period	**7,650**	**7,201**
Accumulated depreciation and impairment as at the end of the period	**113**	**20**
Carrying amount as at the end of the period	**7,537**	**7,180**

As at 31 December 2020 Group's goodwill amounted to a € 7,537 million. Change in consolidation scope is mainly due to the acquisition in Portugal of the participation in Seguradoras Unidas, that following the merger with the entities already owned in Portugal by Generali Group, has originated the new CGU Generali Seguros – Portugal, and Advance Care converged in the already existing CGU Europ Assistance. The net Asset of the entity acquired, excluding goodwill, amounted to € 123 million and the insurance provision amounted to € 1,797 million. During the 2020 the acquired entities contributed for € 781 million to the Group's revenues. The increase of the item Accumulated depreciation and impairment as at the end of the period is due to the impairment of goodwill allocated to the life segment of Generali Schweiz Holding amounting to € 93 million.

The table below details the goodwill by relevant companies:

Goodwill: details

(€ million)	31/12/2020	31/12/2019
Generali Deutschland Holding	2,179	2,179
Alleanza Assicurazioni	1,461	1,461
Generali Italia	1,332	1,332
Gruppo Generali CEE Holding	829	845
Generali France Group	415	415
Generali Seguros – Portugal	372	
Generali Schweiz Holding AG	232	322
Multiboutique	227	227
Generali Holding Vienna AG	**153**	**153**
Other	336	245
Total Goodwill	**7,537**	**7,180**

The goodwill booked was subject to impairment tests as stated by IAS 36.
Cash generating units were established in accordance with the Group's participation structure and considering the IFRS 8 requirements relating to operating segments, which Assicurazioni Generali identified as Life, Non-Life and Asset Management.

The table below shows the details of the Group's goodwill by cash generating unit:

Goodwill by cash generating unit

(€ million)	Life	Non-Life	Asset Management	Total
Generali Deutschland Holding	562	1,617		2,179
Alleanza Assicurazioni	1,461			1,461
Generali Italia	640	692		1,332
Gruppo Generali CEE Holding	396	374	59	829
Gruppo Generali France	319	96		415
Generali Schweiz Holding AG		232		232
Generali Versicherung AG	76	77		153
Multiboutique			227	227
Generali Seguros - Portugal		372		372
Gruppo Europ Assistance		243		243
Other				**93**
Total Goodwill	**3,455**	**3,703**	**286**	**7,537**

The cash generating units have been defined consistently with IAS 36; with regard to the measurement of the recovery value, of the cash generating unit (CGU) of Generali Italia, Alleanza Assicurazioni, Generali Deutschland Holding, Generali CEE Holding Group, Generali Schweiz Holding AG, Europ Assistance, Generali Versicherung AG, Generali France, Multiboutique and Generali Seguros – Portugal. the Dividend Discount Model (DDM) has been used, as described in the basis of presentation and accounting principles, for the determination of the recovery value
This method represents a variant of the method of cash flows. In particular, the Excess Capital variant, defines the entity's economic value as the discounted dividend maintaining an appropriate capital structure taking into consideration the capital constraints imposed by the Supervisor as the solvency margin. This method results in the sum of discounted value of future dividends and the cash generating unit terminal value.
The application of this criterion entailed in general the following phases:

- explicit forecast of the future cash flows to be distributed to the shareholders in the planned time frame, taking into account the limit due to the necessity of maintaining an adequate capital level;
- calculation of the cash generating unit's terminal value, that was the foreseen value of the cash generating unit at the end of the latest year planned.

The cash flows related to dividends, used in the analysis for each CGU, were those detailed in the Generali Strategic plan 2021 approved by the Board of Directors and its subsequent updates. In particular, the data considered for the impairment tests was detailed in the rolling Group plan 2021-2023 as presented to the Board of Directors in December 2020. In order to extend the analysis horizon to a 5 years period, the main economic and financial data were estimated for a further two years (2024 e 2025). The net result (2024 e 2025) was calculated using a sustainable growth rate for each CGU.

The table below shows the evaluation parameters used for the main CGU:

A) Nominal growth rate (g):

Goodwill: Nominal growth rate (g)

	g
Generali Deutschland Holding	2.00%
Alleanza Assicurazioni	1.50%
Generali Italia	1.50%
Gruppo Generali CEE Holding	2.50%
Gruppo Generali France	2.00%
Generali Schweiz Holding AG	1.00%
Generali Versicherung AG	2.00%
Multiboutique	2.00%
Generali Seguros - Portugal	1.00%
Gruppo Europ Assistance	2.00%

B) Cost of equity (Ke) of the company net of taxes:

Goodwill: cost of equity (Ke) net of taxes

	ke
Generali Deutschland Holding	
Life	8.10%
Non-Life	6.80%
Alleanza Assicurazioni	
Life	8.80%
Generali Italia	
Life	8.80%
Non-Life	7.50%
Gruppo Generali CEE Holding	
Life	9.10%
Non-Life	7.80%
Asset Management	10.80%
Gruppo Generali France	
Life	8.10%
Non-Life	6.80%
Generali Schweiz Holding AG	
Non-Life	6.80%
Generali Versicherung AG	
Life	8.10%
Non-Life	6.80%
Multiboutique	
Asset Management	9.50%
Generali Seguros – Portugal	
Non-Life	6.90%
Gruppo Europ Assistance	
Non-Life	8.00%

The cost of equity (Ke) for each entity is extrapolated based on the Capital Asset Pricing Model (CAPM) formula eventually adjusted to reflects specifics and identified risks.
In detail:

- Risk free rate was defined as the average value - observed during the last three months of 2020 of the 10-years government bond of the reference country of operation of the CGU, on which the goodwill has been allocated;
- The Beta coefficient was determined based on a homogeneous basket of securities of the non-life and life insurance sectors, which was compared to market indexes. The observation period was 5 years with weekly frequency;
- The market risk premium amounts to 5.5% for all Group's CGUs.

The impairment test results have confirmed the recoverability of all CGU carrying amount, except for the CGU Generali Schweiz Holding Life which, already at 30 June 2020, has been impaired for € 93 million. Furthermore, within the goodwill impairment test, a sensitivity analysis was performed on the results, by changing the cost of own capital of the company (Ke) (+/-1%) and the perpetual growth rate of distributable future cash flows (g) (+/-0.5%). For the Non-Life segment, also a sensitivity analysis for the main operating assumptions has been carried out.
variation of the financial assumption has not been reflected, for prudency reasons, on the cash flows detailed in the plan used for the test, and on the CGUs carrying amounts.
For Life and Asset management the sensitivity analysis did not highlight any negative difference between the carrying amount and the recoverable amount. For Non-Life segment, the sensitivity analysis highlighted that for the CGU Generali Seguros - Portugal a balance between recoverable amount and carrying amount is reached by increasing Ke of 1%. The sensitivity of the operating assumption did not highlight any negative difference between the carrying amount and the recoverable amount.

The impairment test of goodwill is compliant also to the recommendation included in the ESMA Public Statement issued on 28 October 2020 and it has been accompanied by a multi-scenario analysis to investigate potential impact on the cash flow defined by the business plan and consequentially on the evaluation of the CGUs. The sensitivity analysis did not highlight any negative difference between the carrying amount and the recoverable amount.

5 RELATED PARTIES DISCLOSURE

With regard to transactions with related parties, the main activities, conducted at market prices, were undertaken through relations of insurance, reinsurance and co-insurance, administration and management of securities and real estate assets, leasing, loans and guarantees, IT and administrative services, personnel secondment and claims settlement.
These services substantially aim at guaranteeing the streamlining of operational functions, greater economies in overall management, appropriate levels of service and an exploitation of Group-wide synergies.
For further information regarding related parties transactions - and in particular regarding the procedures adopted by the Group to ensure that these transactions are performed in accordance with the principles of transparency and substantive and procedural correctness - please refer to the paragraph Related Party Transaction Procedures included in section Internal control and risk management system of the Corporate governance and share ownership report.
The most significant economic and financial transactions with Group companies that are not included in the consolidation area and other related parties are listed below.
As shown in the table below, the impact of such transactions, if compared on a Group basis, is not material.

Related parties

(€ million)	Subsidiaries with significant control not consolidated	Associated companies	Other related parties	Total	% on balance - sheet item
Loans	4	496	0	500	0.1%
Loans issued	-3	-7	-19	-29	-0.1%
Interest income	0	12	1	13	0.3%
Interest expense	-0	0	-1	-1	0.1%

The subtotal Associated companies includes loans to Group companies valued with equity method for € 496 million, mostly related to real estate companies.
With reference to the paragraph 18 of Related Party Transactions Procedures adopted by the Board of Directors in November 2010 there were no (i) Operations of major importance concluded during the reporting period (ii) Related Party Transactions, concluded during the reference period, which influenced the Group's financial statements or profit to a significant extent (iii) changes or developments of the Transactions described in the previous annual report that have had a significant effect on the Group's financial statements or profit.

INVESTMENTS

In the table below Group investments are split into the four IAS categories, as reported on balance sheet, as well as by nature (equity instruments, fixed income instruments, real estate instruments, other investments and cash and similar instruments).

Given their short-term investments nature, the reverse repurchase agreements are reclassified within cash and similar instruments. For the same reason repurchase agreements are reclassified in the same item, as well. Derivatives instruments are presented net of derivatives held as financial liabilities, hedging derivatives are excluded, as they are presented within hedged item asset classes.

Investments fund units (IFU) are allocated to respective asset classes based on prevailing underling assets. IFU are therefore allocated within the items equity instruments, fixed income instruments, real estate instruments, other investments and cash and similar instruments.

Comments on specific balance sheet items are presented in the following paragraphs.

Investments

(€ million)	31/12/2020		31/12/2019	
	Total Book value	Impact (%)	Total Book value	Impact (%)
Equity instruments	**22,358**	**5.4%**	**25,816**	**6.6%**
Available for sale financial assets	21,153	5.1%	24,321	6.2%
Financial assets at fair value through profit or loss	1,205	0.3%	1,495	0.4%
Fixed income instruments	**349.978**	**84.8%**	**329,071**	**84.4%**
Bonds	307,631	74.6%	291,388	74.7%
Other fixed income instruments	42,347	10.3%	37,682	9.7%
Held to maturity investments	1,983	0.5%	2,243	0.6%
Loans	28,214	6.8%	28,839	7.4%
Available for sale financial assets	312,451	75.7%	291,092	74.7%
Financial assets at fair value through profit or loss	7,329	1.8%	6,896	1.8%
Real estate investments	**17,315**	**4.2%**	**16,004**	**4.1%**
Other investments	**6,414**	**1.6%**	**4,997**	**1.3%**
Investments in subsidiaries, associated companies and joint ventures	2,107	0.5%	1,365	0.4%
Derivatives	398	0.1%	456	0.1%
Receivables from banks or customers	1,960	0.5%	1,842	0.5%
Other investments	1,949	0.5%	1,334	0.3%
Cash and similar instruments	**16,528**	**4.0%**	**13,931**	**3.6%**
Total	**412,592**	**100.0%**	**389,819**	**100.0%**
Investments back to unit and index-linked policies	84,914		78,475	
Total investments	**497,506**		**468,293**	

6 HELD TO MATURITY INVESTMENTS

Held to maturity investments

(€ million)	31/12/2020	31/12/2019
Quoted bonds	1,983	2,243
Other held to maturity investments	0	0
Total	**1,983**	**2,243**

The Group limits the use of this category only to high quality quoted bonds that Group companies are able to hold till maturity.
Debt securities in this category are almost entirely investment grade.

The fair value of the held to maturity investments amounted to € 2,143 million.

7 LOANS AND RECEIVABLES

Loans and receivables

(€ million)	31/12/2020	31/12/2019
Loans	**28,896**	**30,443**
Unquoted bonds	13,051	15,129
Deposits under reinsurance business accepted	3,278	2,076
Other loans and receivables	12,567	13,238
Mortgage loans	5,877	5,747
Policy loans	1,674	1,771
Term deposits with credit institutions	1,313	1,002
Other loans	3,703	4,717
Receivables from banks or customers	**1,960**	**1,842**
Receivables from banks	206	254
Receivables from customers	1,754	1,588
Total	**30,856**	**32,285**

This category mainly consisted of unquoted bonds and mortgage loans, which represent 45% and 20.3% of total loans, respectively. Debt securities, mainly of long-term average, account for more than 91.8% represented by fixed-rate securities.
The decrease is mainly attributable to the net reimbursement and sales on unquoted bonds and other loans made during the year. This is partially compensated by the increase in Deposits under reinsurance business accepted, due to a partnership in France in protection and health cover business.
The debt securities of this category are almost entirely investment grade and more than 65.1% of the class boasts a rating greater or equal to A.
Receivables from banks or customers are mainly short-term.
The fair value of total loans and receivables amounted to € 34,217 million, of which € 15,681 million related to bonds.

8 AVAILABLE FOR SALE FINANCIAL ASSETS

Available for sale financial assets

(€ million)	31/12/2020	31/12/2019
Unquoted equities at cost	20	16
Equities at fair value	7,872	13,399
Quoted	6,063	11,412
Unquoted	1,809	1,987
Bonds	289,158	270,632
quoted	285,988	268,376
unquoted	3,170	2,256
Investment fund units	37,128	32,519
Other available for sale financial assets	2,828	1,629
Total	**337,005**	**318,195**

This category accounted for 67.7% of the total investments. The increase compared to 31 December 2019 was mainly attributable to the increase in the assets value, in particular for bonds, to the change in the consolidation perimeter with reference to the Portugal activities and to the net purchases of the period.

The item Available for sale assets consists of bonds for 85.8%, of which with a rating higher or equal to BBB, class assigned to the Italian government bonds.

As already mentioned, available for sale financial assets are measured at fair value and unrealized gains and losses on these assets are accounted for in shareholders' equity in an appropriate reserve. The amortized cost of the available for sale financial assets amounted to € 292,000 million.

The table below shows unrealized gains and losses and gains and losses recognized in profit or loss in the reporting period of available for sale financial assets.

Available for sale financial assets - unrealised gains and losses 31/12/2020

(€ million)	Fair value	Unrealized gains / losses	Amortized cost
Unquoted equities at cost	20	0	20
Equities at fair value	7,872	1,264	6,607
Bonds	289,158	40,457	248,701
Investment fund units	37,128	3,048	34,080
Other available for sale financial assets	2,828	248	2,579
Total	**337,005**	**45,018**	**291,987**

Available for sale financial assets - unrealised gains and losses 31/12/2019

(€ million)	Fair value	Utili / Perdite da valutazione	Costo ammortizzato
Unquoted equities at cost	16	0	16
Equities at fair value	13,399	1,660	11,739
Bonds	270,632	31,906	238,726
Investment fund units	32,519	2,644	29,875
Other available for sale financial assets	1,629	168	1,461
Total	**318,195**	**36,378**	**281,817**

Available for sale financial assets: gains and losses at profit or loss 31/12/2020

(€ million)	Realized gains	Realized losses	Net impairment losses
Equities	858	-1,001	-587
Bonds	2,110	-117	-49
Investment fund units	199	-207	-237
Other available for sale financial assets	124	-19	-14
Total	**3,292**	**-1,344**	**-886**

Available for sale financial assets: gains and losses at profit or loss 31/12/2019

(€ million)	Realized gains	Realized losses	Net impairment losses
Equities	710	-200	-342
Bonds	1,462	-474	20
Investment fund units	189	-106	-138
Other available for sale financial assets	34	-26	-25
Total	**2,395**	**-806**	**-484**

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss

(€ million)	Financial assets held for trading		Financial assets designated as at fair value through profit or loss		Total financial assets at fair value through profit or loss	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Equities	0	0	75	83	75	84
Quoted	0	0	26	28	26	28
Unquoted	0	0	49	55	49	55
Bonds	3	19	3,436	3,365	3,439	3,384
Quoted	2	18	2,749	2,641	2,752	2,659
Unquoted	1	1	687	724	687	725
Investment fund units	0	1	13,846	11,265	13,846	11,266
Derivatives	1,197	1,294	0	0	1,197	1,294
Hedging derivatives	0	0	1,549	813	1,549	813
Investments back to policies where the investment risk is borne by the policyholders and back to pension funds	0	0	84,914	78,475	84,914	78,475
Other financial investments	0	0	428	358	428	358
Total	**1,200**	**1,313**	**104,248**	**94,359**	**105,447**	**95,672**

This category accounted for 21.2% of total investments. In detail, these investments were mainly allocated in the life segment (€ 102,667 million, which accounted for 97.4% of this category) whereas the residual part referred to the non-life segment (€ 2,581 million which accounted for 2.4% of this category).

Bond securities in this category belong to classes of rating greater than or equal to BBB.

The growth compared to 31 December 2019 was mainly due to the increase in value of Investments where the risk is borne by the policyholders and of Investments fund units.

Assets covering contracts where the financial risk is borne by the policyholders

(€ million)	Policies where the investment risk is borne by the policyholders		Pension funds		Total	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Assets	81,248	76,583	3,665	1,892	84,914	78,475
Total assets	**81,248**	**76,583**	**3,665**	**1,892**	**84,914**	**78,475**
Financial liabilities	1,675	1,676	3,606	1,856	5,281	3,532
Insurance provisions (*)	80,315	75,351	13	12	80,328	75,363
Total liabilities	**81,989**	**77,027**	**3,620**	**1,869**	**85,609**	**78,896**

(*) Insurance provisions are net of amounts ceded to reinsurers from insurance provisions.

10 LAND AND BUILDINGS (INVESTMENT PROPERTIES)

The table below shows the main changes in land and buildings (investment properties) in the reporting period, i.e. those held to earn rentals or capital appreciation or both, and their fair value:

Investment properties

(in milioni euro)	31/12/2020	31/12/2019
Gross book value as at 31 December previous year	**16,428**	**15,799**
Accumulated depreciation and impairment as at 31 December previous year	**-2,260**	**-2,149**
Carrying amount as at 31 December previous year	**14,168**	**13,650**
Foreign currency translation effects	-50	61
Acquisition of the period	888	647
Capitalized expenses	78	74
Changes in consolidation scope	324	97
Reclassifications	337	165
Sales of the period	-304	-322
Depreciation of the period	-216	-199
Impairment loss of the period	-118	-21
Reversal of impairment of the period	17	16
Carrying amount as at the end of the period	**15,124**	**14,168**
Accumulated depreciation and impairment as at the end of the period	**2,517**	**2,260**
Gross book value as at the end of the period	**17,641**	**16,428**
Fair value	**24,660**	**22,693**

Fair value of land and buildings (investment properties) at the end of the reporting period is mainly based on external appraisals.

11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents

(€ million)	31/12/2020	31/12/2019
Cash and cash equivalents	311	172
Cash and balances with central banks	654	537
Cash at bank and short-term securities	6,935	6,165
Total	**7,900**	**6,874**

DETAILS ON INVESTMENTS

Bonds

Group's exposures to bonds - detailed by rating and maturity - are reported at book value in the following tables:

Bonds: breakdown by rating

(€ million)	Avalaible for sale financial assets	Financial assets at fair value through profit or loss	Held to maturity investments	Loans	Total
AAA	14,756	20	14	3,519	18,310
AA	69,284	399	77	2,685	72,445
A	67,356	1,924	858	2,105	72,243
BBB	127,356	847	843	4,465	133,511
Non-investment grade	8,457	212	190	176	9,036
Not Rated	1,949	36	0	100	2,086
Total	**289,158**	**3,439**	**1,983**	**13,051**	**307,631**

Bonds: breakdown by maturity

(€ million)	Available for sale financial assets	Financial assets at fair value through profit or loss	Held to maturity investments	Loans	Total
Until 1 year	12,469	259	288	1,066	14,082
From 1 to 5 years	63,259	351	788	3,894	68,292
From 5 to 10 years	71,313	637	439	3,591	75,981
More than 10 years	140,168	2,153	467	4,498	147,286
Perpetual	1,949	39		2	1,990
Total	**289,158**	**3,439**	**1,983**	**13,051**	**307,631**

The incidence of maturities of debt securities by asset classes remains substantially in line with that of the previous year.
Bond investments totaled € 307,631 million at the end of the period. The portfolio was composed for € 193,735 million by government bonds, while corporate bonds amounted to € 113,895 million.

Loans accounted for 99.8% of assets not past due, while the remaining are either impaired or past due.
Group's exposures to government bonds, detailed by country of risk and rating, are reported at book value in the following tables:

Government bonds: breakdown by country

(€ million)	31/12/2020	
	Total book value	Impact (%)
Government bonds	**193,735**	
Italy	61,001	31.5%
France	36,760	19.0%
Germany	4,086	2.1%
Central and Eastern Europe	21,356	11.0%
Rest of Europe	53,296	27.5%
Spain	25,687	13.3%
Austria	3,617	1.9%
Belgium	11,258	5.8%
Others	12,734	6.6%
Rest of world	9,695	5.0%
Supranational	7,542	3.9%

The government bonds portfolio amounted to € 193,735 million at the end of the period, with the 52.6% of the portfolio represented by Italian, French and German debt instruments. The exposure to individual sovereign bonds is mainly allocated to their respective countries of operation.

Governemnt bonds: breakdown by rating

(€ million)	31/12/2020		31/12/2019	
	Total book value	Impact (%)	Total book value	Impact (%)
Government bonds	**193,735**		**176,355**	
AAA	9,549	4.9%	8,567	4.9%
AA	61,705	31.9%	55,117	31.3%
A	42,890	22.1%	35,865	20.3%
BBB	77,240	39.9%	75,597	42.9%
Non-investment grade	1,267	0.7%	1,067	0.6%
Not rated	1,084	0.6%	143	0.1%

In terms of exposure to different rating classes, the Class AAA credit rating includes some supranational, Dutch and German issuances. Class AA includes French, Belgian, Czech, Austrian government bonds and some supranational issuances while the class BBB mainly includes Italian bonds.
Group's exposures to investments in corporate bonds, detailed by sector and rating, are reported at book value in the following tables:

Corporate bonds: breakdown by sector

(€ million)	31/12/2020	
	Total book value	Impact (%)
Corporate bonds	**113,895**	
Financial	26,414	23.2%
Covered Bonds	14,792	13.0%
Utilities	18,331	16.1%
Industrial	8,546	7.5%
Consumer	11,741	10.3%
Telecommunication services	10,613	9.3%
Energy	5,133	4.5%
Other	18,324	16.1%

Corporate bonds: breakdown by rating

(€ million)	31/12/2020		31/12/2019	
	Total book value	Impact (%)	Total book value	Impact (%)
Corporate bonds	**113,895**		**115,033**	
AAA	8,761	7.7%	9,665	8.4%
AA	10,740	9.4%	12,006	10.4%
A	29,353	25.8%	30,562	26.6%
BBB	56,271	49.4%	55,501	48.2%
Non-investment grade	7,769	6.8%	6,688	5.8%
Not Rated	1,002	0.9%	611	0.5%

The investments in corporate bonds totaled € 113,895 million at the end of the period. The portfolio was composed for 63.8% by non-financial corporate bonds and for 36.2% by financial corporate bonds.

Equities

Group's exposures to investments in equities, detailed by sector and country of risk, are reported at fair value in the following tables:

Equity investments: breakdown by sector

(€ million)	31/12/2020	
	Total fair value	Impact (%)
Equity instruments	**22,358**	
Financial	2,164	9.7%
Consumer	1,062	4.8%
Utilities	1,696	7.6%
Industrial	770	3.4%
Other	2,274	10.2%
Alternative investments	10,121	45.3%
Asset allocation funds	4,270	19.1%

Direct equity investments: breakdown by country of risk

(€ million)	31/12/2020	
	Total fair value	Impact (%)
Direct equity investments	**7,966**	
Italy	843	10.6%
France	2,316	29.1%
Germany	1,425	17.9%
Central and Eastern Europe	315	4.0%
Rest of Europe	1,950	24.5%
Spain	372	4.7%
Austria	166	2.1%
Switzerland	112	1.4%
The Netherlands	406	5.1%
United Kingdom	255	3.2%
Others	639	8.0%
Rest of world	1,117	14.0%

Real estate investments

Group's exposures to direct real estate investments, detailed by country of location, is reported at fair values in the following table:

Direct real estate investments: breakdown by country of location

(€ million)	31/12/2020		31/12/2020	
	Investment properties		Self-used real estates	
	Total fair value	Impact (%)	Total fair value	Impact (%)
Direct Real-estate investments	**24,660**		**3,772**	
Italy	6,232	25.3%	2,060	54.6%
France	9,297	37.7%	432	11.4%
Germany	3,200	13.0%	593	15.7%
Central and Eastern Europe	1,086	4.4%	154	4.1%
Rest of Europe	4,722	19.2%	362	9.6%
Spain	847	3.4%	86	2.3%
Austria	1,790	7.3%	159	4.2%
Switzerland	1,353	5.5%	14	0.4%
Others	732	3.0%	102	2.7%
Rest of world	122	0.5%	171	4.5%

Further information on reclassified financial instruments

As of 1 January 2009, the Group transferred to the loans and receivables category € 14,658 million of corporate bonds, according to the IAS 39 reclassification option. At 31 December 2020, after sales and pay backs made up till the balance sheet date, the stock of these reclassified financial instruments amounted to € 909 million.

Assets transferred that do not qualify for derecognition

Generali Group in the context of its business activities enters into securities lending transactions (REPO e Reverse REPO). Generally, collaterals can be in cash or in readily avaliable assets other than cash.
In general, if the Group retains substantially all risks and rewards of the financial assets underlying these transactions, the Group continues to recognise the underlying assets whereas cash instruments shall be transferred as a consequence of debit and credit relationships.
For REPO contracts, the Group continues to recognise in its financial statements the underlying financial asset as the risks and benefits are retained by the Group. The consideration received upon sale is recognised as a liability.

As far as Reverse REPO transactions are concerned, considering that all underlying risks and rewards are retained by the counterparty for the entire life of the transaction, the related financial asset is not recognised as an asset in the Group's financial statements. The consideration paid is accounted for within the loans and receivable category.
Finally, the Group is committed in other transactions in which some financial assets are pledged as collateral but they are still recognised in the financial statements because all risks and rewards are retained by the Group.

Consequently, some of the assets recorded are not fully available and usable by the Group as they are subject to securitization agreements, REPOs and other forms of collateralisation. Furthermore, considering the insurance business of the Group and in particular the life business with profit sharing, it should be noted that in some countries where the Group operates, the national legislation indicates that the related collateral assets are to be considered fully dedicated to those contracts and thus to the business itself.

As at 31 December 2020, the Group has retained substantially all risks and rewards arising from the ownership of the transferred assets and there are no transfers of financial assets which have been completely or partially derecognised on which the Group continues to control. In particular, the Group continues to recognize, in terms of market value, € 14,700 million of financial assets linked to various contracts such as, securities lending transactions for € 9,219 million, mainly in France, repurchase agreements for € 1,386 and assets pledged as collateral to cover its reinsurance activities for € 1,056 million (please refer to the paragraph Contingent liabilities, commitments, guarantees, pledged assets and collaterals in section Additional Information).

With reference to collateral for derivative transactions, it should be noted that over-the-counter derivatives are subject to Master Netting Agreements. In particular, the Group requires the so-called ISDA Master Agreement (or equivalent), including bilateral clearing agreements, and the ISDA Credit Support Annex (or equivalent) to be adopted for each derivative transaction in order to mitigate counterparty risk. Furthermore, the Group requires that such transactions shall be carried out only with counterparties admitted by internal risk management policies.
These agreements require that offsetting between derivatives is granted only in the event of bankruptcy or failure of the parties and, to mitigate the counterparty credit risk relating to such transactions, the parties sign a collateralization agreement.
As a result of these agreements, the net exposure in derivatives becomes close to zero as it is neutralized by the collateral given or received, both as cash or assets other than cash.
Similar considerations apply to securities lending and REPO / Reverse REPO transactions which are covered by framework agreements with characteristics similar to the ISDAs, named respectively Global Master Securities Lending Agreement (GMSLA) and Global Master Repurchase Agreement (GMRA), making the counterparty risk substantially intangible. These considerations are evident in the case of REPO / Reverse REPO transactions where the value of the collateral is, for each transaction, substantially equal to the asset object of the repurchase agreement.

ISDAs and similar netting agreements signed by the Group do not meet the requirements for the purpose of offsetting between items in the financial statements. These agreements in fact guarantee the parties the right to offset the flows only in the event of bankruptcy, insolvency or failure of the Group or the counterparty. Furthermore, there is no intention by the Group and its counterparties to realize the assets and to offset the liabilities simultaneously or to settle them on a net basis.

Derivative financial instruments

The Group’s balance sheet exposure to derivative instruments is mainly associated with economic hedging transactions of financial assets or liabilities, in line with strategies aiming at mitigating financial and currency risks. The total exposure amounts to € 1,022 million for a corresponding notional amount of € 45,707 million. The notional exposure is presented in absolute amounts, including positions with both positive and negative balances, and it arises for an amount of € 17,624 million from instruments for which a hedge accounting relationship has been formally designated, in accordance with the international accounting standard IAS 39. The remaining notional amount is attributable to derivative instruments for which, notwithstanding their purpose as economic hedging instruments, a formal hedge accounting relationship has not been activated.

DERIVATIVE INSTRUMENTS DESIGNATED FOR HEDGE ACCOUNTING

The exposure in terms of amounts recognised in the financial statements amounts to € 624 million.

- Fair value hedge

Fair value hedging relationships mainly relate to hedging strategies implemented in Life portfolios of subsidiaries operating in Central-Eastern Europe, with particular reference to risks arising from fluctuations in interest rates and foreign exchange rates.

- Cash flow hedge

The cash flow hedging relationships mainly relate to cross currency swaps hedging subordinated liabilities issued by the Group in British pound and to micro-hedge and reinvestment risk reduction operations in the life portfolios.

- Hedge of net investment in foreign operations

The Group continued the hedging strategy aimed at neutralising risks arising from foreign exchange fluctuations of its subsidiaries whose functional currency is the Swiss franc, Czech crowns and British pound.

OTHER DERIVATIVE INSTRUMENTS

The recognised amounts in the financial statements for these exposures at 31 December 2020 amounted to € 398 million for a corresponding notional amount of € 28,082 million, which mainly relates to over-the-counter positions. The exposure is mainly associated with operations relating to interest rates hedges and foreign exchange rates hedges. Furthermore, the Group undertakes macro hedge strategies aimed at protecting the capital and the income statement from the risk of a significant reduction in share prices.
In general, in order to mitigate the credit risk arising from over-the-counter transactions, the Group collateralized most of them. Furthermore, a list of selected authorized counterparties is identified for the opening of new derivative transactions.
Below the detail on exposures in derivatives instruments designated as hedge accounting and other derivative instruments.

Details on exposure in derivative instruments

(€ million)	Maturity distribution by nominal amount			Total notional	Positive fair value	Negative fair value	Net fair value
	Within 1 year	Between 1 and 5 years	More than 5 years				
Total equity/index contracts	5,924	5,058	800	11,782	199	-60	139
Total interest rate contracts	9,999	5,549	11,981	27,529	1,764	-791	973
Total foreign exchange contracts	5,713	1,594	4,020	11,327	143	-432	-289
Total credit derivatives	0	0	0	0	1	0	1
Total	**21,636**	**12,201**	**16,800**	**50,637**	**2,106**	**-1,283**	**824**

Sensitivity analysis to market and credit risks

The Generali Group makes its own analysis of sensitivity to market and credit risks following the logic of Solvency II. For further information and the relevant numerical evidence please refer to the Risk Report in the Management Report.
With reference to the impacts of Covid-19 please refer to the Management Report, Group's performance section, *Disclosure on the quantitative impacts of Covid-19 on the Group* chapter at page 70, for the estimation methodology and the quantitative impacts. In the *Challenges and opportunities of the market context section*, *Pandemics and extreme events* part at page 21, we described the related risks and opportunities and how they are managed by the Group.

INSURANCE AND INVESTMENT CONTRACTS

12 INSURANCE PROVISIONS

Insurance provisions

(€ million)	Direct insurance		Accepted reinsurance		Total	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Non-life insurance provisions	**31,463**	**30,179**	**1,537**	**1,473**	**33,000**	**31,652**
Provisions for unearned premiums	5,933	5,261	205	196	6,138	5,457
Provisions for outstanding claims	25,202	24,651	1,326	1,272	26,528	25,924
Other insurance provisions	329	266	6	6	335	272
of which provisions for liability adequacy test	0	0	0	0	0	0
Life insurance provisions	**404,317**	**384,128**	**5,013**	**3,432**	**409,330**	**387,560**
Provisions for outstanding claims	5,981	5,465	2,320	1,401	8,301	6,867
Mathematical provisions	259,437	253,870	2,449	1,900	261,886	255,769
Provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	80,365	75,402	5	5	80,370	75,407
Other insurance provisions	58,534	49,391	238	126	58,772	49,517
of which provisions for liability adequacy test	1,062	893	5	5	1,067	898
of which deferred policyholder liabilities	33,833	26,254	0	0	33,833	26,254
Total	**435,780**	**414,307**	**6,550**	**4,905**	**442,330**	**419,213**

In the non-life segment insurance provisions increased (+4.3% compared to 31 December 2019).

In the life segment insurance provisions increased by 5.6% for inflows deriving from linked products and for value changes of investments, which is reflected on the deferred policyholders' liabilities.

The overall total of other life insurance provisions included both the provision for profit sharing and premium refunds, which amounts to € 5,023 million (€ 5,028 million in 2019) and the ageing provisions for life segment, which amount to € 16,694 million (€ 15,834 million in 2019).

As part of the technical provisions of the life segment, subject to liability adequacy test, are also included the reservations made in accordance with applicable locally regulations related to the risk of interest rates change.

At the end of 2020, Swiss Regulator (FINMA) requested to the Swiss subsidiary Generali Personenversicherungen (GPV) to reassess some evaluation elements used to estimate the guarantee reserve related to the run-off portfolio of the unit-linked with guarantee. The allocation started in 2010 and the methodology was agreed with the Swiss Regulator. The request is characterized by the introduction, compared with previous periods, of additional prudential elements referring to some evaluation elements to the aim of the calculation of the local reserve.

For the Group consolidated financial statements purposes, the above-mentioned changes, pursuant to IFRS 4.26, were considered an excess of prudence. Therefore, the Group adapted those changes to common actuarial market practices and to the IFRS evaluation policies currently in use within the Group.

2020 Group consolidated financial statements included as part of other reserves an overall allocation to the guarantee reserve of € 567 million (CHF 607 million).

13 13 AMOUNTS CEDED TO REINSURERS FROM INSURANCE PROVISIONS

Insurance provisions ceded to reinsurers

(€ million)	Direct insurance		Accepted reinsurance		Total	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Non-life amounts ceded to reinsurers from insurance provisions	**1,713**	**1,820**	**851**	**773**	**2,565**	**2,593**
Life amounts ceded to reinsurers from insurance provisions	**1,058**	**1,073**	**1,484**	**715**	**2,542**	**1,789**
Provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	43	44	0	0	43	44
Mathematical provisions and other insurance provisions	1,016	1,030	1,484	715	2,499	1,745
Total	**2,772**	**2,893**	**2,335**	**1,489**	**5,107**	**4,382**

14 DEFERRED ACQUISITION COSTS

Deferred acquisition costs

(€ million)	Segment Life		Segment Non-Life		Total	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Carrying amount as at 31 December previous year	**1,815**	**1,867**	**306**	**276**	**2,121**	**2,143**
Acquisition costs deferred	350	365	133	97	483	462
Changes in consolidation scope	-0	1	42	4	42	5
Amortization of the period	-397	-418	-129	-71	-526	-489
Other movements	-1	-0	-2	1	-3	0
Carrying amount as at 31 December current year	**1,767**	**1,815**	**349**	**306**	**2,117**	**2,121**

DETAILS ON INSURANCE AND INVESTMENT CONTRACTS

Insurance provisions and financial liabilities related to policies of the life segment

Insurance provisions and financial liabilities related to the life segment

(€ million)	Net amount
	31/12/2020
Insurance contracts	176,481
Investment contracts with discretionary participation feature	181,331
Total insurance provisions	**357,811**
Investments contracts fair valued	5,435
Investments contracts at amortised cost	6,386
Total financial liabilities	**11,822**
Total	**369,633**

Total insurance provisions, net of reinsurance, include the mathematical provisions and provisions for policies where the investment risk is borne by policyholders and for pension funds (which amounted to € 260,805 million and € 80,328 million respectively), and net ageing provisions for life segment, which amounted to € 16,678 million. In the Life portfolio, the policies with significant insurance risk amounted to 49.3%, whereas investment contracts with discretionary participation feature amounted to 50.7%.

The investment contracts contribute 3.2% to Life portfolio and the 46.0% consist of unit- and index linked policies without significant insurance risk.

Mathematical provisions and ageing for life segment

(€ million)	Gross direct amount	
	31/12/2020	31/12/2019
Carrying amount as at 31 December previous year	**269,703**	**257,711**
Foreign curreny translation effects	-414	246
Premiums and payments	-487	4,553
Interests and bonuses credited to policyholders	7,751	7,810
Acquisitions, disinvestments and other movements	-423	-616
Transfer to Non-current assets or disposal group classified as held for sale	0	0
Carrying amount as at the end of the period	**276,130**	**269,703**

The increase in mathematical provisions and aging for life segment is mainly attributable to the financial revaluation component linked to the investment result.

Provisions for policies where the investment risk is borne by policyholders and for pension funds

(€ million)	Gross direct amount	
	31/12/2020	31/12/2019
Carrying amount as at 31 December previous year	**75,402**	**63,142**
Foreign curreny translation effects	-86	286
Premiums and claims	3,121	1,804
Interests and bonuses credited to policyholders	2,085	10,069
Acquisitions, disinvestments and other	-157	102
Transfer to Non-current assets or disposal group classified as held for sale	0	0
Carrying amount as at the end of the period	**80,365**	**75,402**

The increase in provisions for policies where the investment risk is borne by policyholders and for pension funds is determined by both the positive effect deriving from the change in premiums and payments and the development in the market value of funds linked to unit- and index policies, due to financial market movements.

Group's financial guarantee of life insurance provisions and financial liabilities of gross direct insurance is reported in the following table.

Life insurance provisions and financial liabilities: financial guarantees

(€ million)	Gross direct insurance	
	31/12/2020	31/12/2019
Liabilities with guaranteed interest (*)	**258,452**	**257,885**
lesser than 1%	124,390	119,252
between 1% and 3%	96,194	98,873
between 3% and 4%	24,465	25,760
more than 4%	13,403	13,999
Provisions without guaranteed interest	**102,097**	**87,651**
Provisions matched by specific assets	**7,769**	**9,437**
Total	**368,317**	**354,973**

(*) The upper bound of each range is excluded.

The total insurance provisions include the gross direct amount of mathematical provisions, which amount to € 259,437 million (€ 253,870 million at 31 December 2019), the provisions for policies where the investment risk is borne by the policyholders and for pension fund, which amount to € 80,365 million (€ 75,402 million at 31 December 2019), the ageing provision for life segment, which amounts to € 16,694 million (€ 15,834 million at 31 December 2019), and financial liabilities related to investment contacts, which amount to € 11,822 million (€ 9,867 million at 31 December 2019).

The table above shows a shift of the exposures towards less than 1% guarantee classes, due to the inflow of new business with a guarantee of less than or equal to zero.

Liabilities without guaranteed interest amount to € 102,097 million in 2020, showing an increase compared to the previous year (€ 87,651 million as at 31 December 2019), mainly determined by the new production without guarantee.

The table below shows the amount of the life gross direct insurance provisions broken down by expected contractual residual duration.

Life insurance provisions and financial liabilities related to investment contracts: contractual term to maturity

(€ million)	Gross direct insurance
	31/12/2020
Up to 1 year	27,820
Between 1 and 5 years	70,432
Between 5 and 10 years	52,726
Between 11 and 20 years	91,918
More than 20 years	125,423
Total	**368,317**

Deferred policyholders liabilities

(€ million)	31/12/2020	31/12/2019
Carrying amount as at the beginning of the period	**26,254**	**10,584**
Foreign currency translation effects	-10	16
Change of the period	7,637	15,721
Acquisitions and disinvestments	-47	-66
Carrying amount as at the end of the period	**33,833**	**26,254**

Deferred policyholders' liabilities showed an increase which mainly reflects the trend of the policyholders' share recognized on the fair value of the investment available for sale, with particular reference to the bonds component.

Provisions for outstanding claims

Provisions for outstanding claims

(€ million)	Gross direct insurance	
	31/12/2020	31/12/2019
Motor	10,819	10,965
Non-motor	14,382	13,687
Personal and commercial lines	11,083	11,047
Accident/Health (*)	3,299	2,640
Total	**25,202**	**24,651**

(*) Life segment includes health insurance with life features.

With reference to the gross direct claims provisions 42.9% was referred to the motor business decreasing with respect the prior year (44.5%). In the non-motor business, the personal and commercial lines weighted 77.1%.

With reference to non-life segment, the table below shows the amount of gross direct claims and unearned premiums reserves split by remaining maturity. The total liability is broken down by remaining duration in proportion to the cash flows expected to arise during each duration band.

Non-life insurance provisions: maturity

(€ million)	Gross direct insurance	
	31/12/2020	31/12/2019
Up to 1 year	9,194	9,069
Between 1 and 5 years	13,883	13,155
Between 5 and 10 years	4,096	3,864
Between 11 and 20 years	2,791	2,618
More than 20 years	1,171	1,205
Total	**31,135**	**29,913**

The following table shows the cumulative claim payments and the ultimate cost of claims by accident year and their development from 2011 to 2020. The ultimate cost includes paid losses, outstanding reserves on reported losses, estimated reserves for IBNR claims and ULAE.

The amounts refer to direct business gross of reinsurance and recoveries amounting to € 576 million in 2020.

The difference between the ultimate cost of claims and the cumulative paid losses for calendar year 2020 constitutes the claim reserve for accident years 2011 to 2020. The reserve reported in the balance sheet also includes a residual claim reserve that is composed almost exclusively by the accident years not reported in the development triangle.

The observed trend in the ultimate cost for generations 2011-2020 indicates the adequate level of prudence adopted by the Generali Group in its reserving policy.

Claims development

(€ million)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Totale
Cumulative claim payments											
at the end of accident year	5,586	5,774	5,697	5,378	5,567	5,706	5,959	5,989	6,252	5,536	
one year later	9,187	9,399	9,139	8,601	8,773	9,061	9,660	9,558	9,761		
two years later	10,194	10,393	10,066	9,471	9,655	9,976	10,584	10,484			
three years later	10,655	10,854	10,485	9,891	10,058	10,402	11,023				
four years later	10,938	11,116	10,729	10,130	10,342	10,655					
five years later	11,150	11,310	10,911	10,312	10,510						
six years later	11,307	11,457	11,064	10,431							
seven years later	11,437	11,578	11,145								
eight years later	11,542	11,666									
nine years later	11,620										
Estimate of ultimate cumulative claims costs:											
at the end of accident year	12,798	13,267	12,831	12,177	12,403	12,570	13,077	13,096	13,068	12,027	127,313
one year later	12,578	12,895	12,656	12,175	12,279	12,564	13,185	13,116	13,057		
two years later	12,422	12,678	12,290	11,842	11,920	12,134	12,934	12,857			
three years later	12,362	12,524	12,161	11,620	11,650	11,999	12,778				
four years later	12,309	12,474	12,036	11,333	11,592	11,916					
five years later	12,298	12,418	11,869	11,283	11,482						
six years later	12,214	12,309	11,835	11,216							
seven years later	12,143	12,278	11,810								
eight years later	12,101	12,261									
nine years later	12,081										
Estimate of ultimate cumulative claims costs at reporting date	**12,081**	**12,261**	**11,810**	**11,216**	**11,482**	**11,916**	**12,778**	**12,857**	**13,057**	**12,027**	**121,486**
Cumulative payments to date	**-11,620**	**-11,666**	**-11,145**	**-10,431**	**-10,510**	**-10,655**	**-11,023**	**-10,484**	**-9,761**	**-5,536**	**-102,831**
Provision recognised in the balance sheet	**461**	**595**	**665**	**785**	**972**	**1,261**	**1,755**	**2,373**	**3,296**	**6,491**	**18,655**
Provision not included in the claims development table											7,123
Total provision included in the balance sheet											**25,778**

Reinsurance policy of the Group

With reference to the reinsurance policy, the table proves that the careful criteria for the selection of reinsurers adopted by the Group over the past allowed Generali to have a significant presence of counterparties in rating classes of high quality.

Insurance provisions ceded to reinsurers: breakdown by rating

(€ million)	31/12/2020	31/12/2019
AAA	0	0
AA	1,910	2,465
A	995	770
BBB	1,422	135
Non-investment grade	65	25
No Rating	714	988
Total	**5,107**	**4,382**

In some circumstances, local regulations, market practice or specific types of business allow the Group to benefit from mitigation of the related reinsurance credit risk through deposits from reinsurers and/or letters of credit as a guarantee on ceded reserves.

No Rating counterparties still remain; as in the past, they also include a considerable amount of captive insurance companies of large industrial Groups that do not qualify for any rating while showing a good financial strength, companies that are no longer active in the reinsurance market and not valued by the rating agencies, but not necessarily less financially sound, companies that are part of major insurance groups which benefit from high rating but who have abandoned their reinsurance activities, or, finally, of mutual and reinsurance pools.

No Rating is partially mitigated by the presence of forms of guarantee such as parental guarantee or other collateral.

Sensitivity analysis of underwriting risks

The Generali Group makes its own analysis of sensitivity to insurance, not market, risks following the logic of Solvency II. For further information and the relevant numerical evidence please refer to the Risk Report in the Management Report.

With reference to the impacts of Covid-19 please refer to the Management Report, Group's performance section, *Disclosure on the quantitative impacts of Covid-19 on the Group* chapter at page 70, for the estimation methodology and the quantitative impacts. In the *Challenges and opportunities of the market context section*, *Pandemics and extreme events* part at page 21, we described the related risks and opportunities and how they are managed by the Group.

SHAREHOLDERS' EQUITY AND SHARE

15 SHAREHOLDERS' EQUITY

Shareholders' equity

(€ million)	31/12/2020	31/12/2019
Shareholders' equity attributable to the Group	**30,029**	**28,360**
Share capital	1,576	1,570
Capital reserves	7,107	7,107
Revenue reserves and other reserves	12,848	10,831
(Own shares)	-80	-7
Reserve for currency translation differences	-549	-28
Reserve for unrealized gains and losses on available for sale financial assets	8,764	7,458
Reserve for other unrealized gains and losses through equity	-1,379	-1,240
Result of the period	1,744	2,670
Shareholders' equity attributable to minority interests	1,765	1,491
Total	**31,794**	**29,851**

The share capital is made up of 1,576,052,147 ordinary shares with a par value of € 1 each.

The Group's own shares are € - 80 million, amounting to 6,309,132 shares (€ - 7 million amounting to 309,133 at 31 December 2019).
During 2020 the Parent company distributed dividends amounting to € 785 million, equal to the first tranche of distributable dividends resolved by Shareholders" meeting of 30 April 2020
The increase of the Revenue reserves and other reserves is mainly due to non-payment of second tranche of dividend amounting to € 722 million equal to €0.46 per share, as resolved by Board of Director hold on 11th of November 2020 following the transposition of the letter of IVASS of 10 November 2020.

The reserve for currency translation differences arising from the translation of the subsidiaries' financial statement denominated in foreign currencies amounted to € -549 million, (€ -28 million 31 December 2019) due to the appreciation of the euro against most major currencies.

The reserve for unrealized gains and losses on available for sale financial assets, i.e. the balance between unrealized gains and losses on financial assets, net of life deferred policyholder liabilities and deferred taxes, amounted to € 8,764 million (€ 7,458 million at 31 December 2019). The increase of investment classified as financial assets available for sale is mainly driven by the decrease of interest rate.

The reserve for other unrealised gains and losses though equity comprised, among other component, gains or losses on re-measurement of the net defined benefit liability in accordance with IAS 19, and gains or losses on hedging instruments accounted for as hedging derivatives (cash flow hedge), put in place in order to hedge interest rate change and British pound/Euro rate change on various subordinated bonds issued. The item amounted to € -1,379 million (€ -1,240 million 31 December 2019); the changes is mainly attributable to the increase in defined benefit plans remeasurements reserve in application of IAS19 which amounted € - 1,462 million (€ - 1,283 million at 31 December 2019).

Other comprehensive income

Other comprehensive income

(€ million)	31/12/2020	31/12/2019
Consolidated result of the period	**2,032**	**2,939**
Items that may be reclassified to profit and loss in future periods	**0**	**0**
Foreign currency translation differences	-549	57
Allocation	-544	80
Transfer to profit and loss account	-5	-23
Net unrealized gains and losses on investments available for sale	1,406	4,223
Allocation	1,131	4,229
Transfer to profit and loss account	274	-6
Net unrealized gains and losses on cash flows hedging derivatives	29	137
Allocation	58	139
Transfer to profit and loss account	-29	-2
Net unrealized gains and losses on hedge of a net investment in foreign operations	13	-41
Allocation	15	-19
Transfer to profit and loss account	-3	-22
Share of other comprehensive income of associates	0	22
Allocation	0	29
Transfer to profit and loss account	0	-7
Result of discontinued operations	0	-255
Allocation	0	-255
Transfer to profit and loss account	0	0
Others	0	0
Allocation	0	0
Transfer to profit and loss account	0	0
Subtotal	898	4,144
Allocation	661	4,205
Transfer to profit and loss account	237	-61
Items that may not be reclassified to profit and loss in future periods	**0**	**0**
Share of other comprehensive income of associates	0	-0
Allocation	0	-0
Result of discontinued operations	0	4
Allocation	0	4
Reserve for revaluation model on intangible assets	0	0
Allocation	0	0
Reserve for revaluation model on tangible assets	0	0
Allocation	0	0
Actuarial gains or losses arising from defined benefit plans	-180	-392
Allocation	-180	-392
Subtotal	-180	-387
Allocation	-180	-387
Total other comprehensive income	**718**	**3,757**
Total comprehensive income	**2,751**	**6,696**
attributable to the Group	2,390	6,268
attributable to minority interests	361	428

The following table shows the change of deferred tax assets and liabilities related to gains or losses recognized in shareholders' equity or transferred from shareholders' equity.

Income taxes related to other comprehensive income

(€ million)	31/12/2020	31/12/2019
Income taxes related to other comprehensive income	**-265**	**-1.530**
Foreign currency translation differences	0	1
Unrealized gains and losses on available for sale financial assets	-328	-1.658
Net unrealized gains and losses on cash flows hedging derivatives	-14	-34
Net unrealized gains and losses on hedge of a net investment in foreign operations	0	0
Reserve on associates	0	0
Reserve for revaluation model on intangible assets	0	0
Reserve for revaluation model on tangible assets	0	0
Result of discontinued operations	0	0
Actuarial gains or losses arising from defined benefit plans	77	161

Earnings per share

Basic earnings per share are calculated by dividing the result of the period attributable to the Group by the weighted average number of ordinary shares outstanding during the period, adjusted for the Parent Company's average number of shares owned by itself or by other Group companies during the period.

Diluted earnings per share reflect the eventual dilution effect of potential ordinary shares.

Earnings per share

	31/12/2020	31/12/2019
Result of the period (€ million)	1,744	2,670
- from continuing operations	1,926	2,196
- from discontinued operations	-183	475
Weighted average number of ordinary shares outstanding	1,569,448,327	1,567,927,100
Adjustments for potential diluitive effect	24,197,729	24,197,729
Weighted average number of ordinary shares outstanding	1,593,646,056	1,592,124,829
Earnings per share (in €)	1.11	1.70
- from continuing operation	1.23	1.40
- from discontinued operations	-0.12	0.30
Diluted earnings per share (in €)	1.09	1.68
- from continuing operation	1.21	1.38
- from discontinued operations	-0.11	0.30

For more details on dividend per share please refer to the Management Report.

Group and the Parent Company

In accordance with the CONSOB Communication No. 6064293 of 28 July 2006, the table below summarizes the reconciliation of the result of the period and shareholders' equity of the Group and the Parent Company.

Reconciliation report

(€ million)	31/12/2020		31/12/2019	
	Shareholders' equity before the result of the period	Result of the period	Shareholders' equity before the result of the period	Result of the period
Parent Company amounts in conformity with the Italian accounting principles	**14,221**	**2,970**	**13,564**	**1,515**
Adjustments to Parent Company for IAS/IFRS application	1,082	-185	813	208
Parent Company amounts in conformity with IAS/IFRS principles	**15,303**	**2,785**	**14,377**	**1,723**
Result of the period of entities included in the consolidation area		9,709		10,399
Dividends	8,974	-8,974	7,134	-7,134
Elimination of participations, equity valuation impacts and other consolidation adjustments	-3,018	-1,777	-2,240	-2,318
Reserve for currency translation differences	-549		-28	
Reserve for unrealized gains and losses on available for sale financial assets	8,754		7,488	
Reserve for other unrealized gains and losses through equity	-1,178		-1,043	
Shareholders equity attributable to the group	**28,286**	**1,744**	**25,690**	**2,670**

FINANCIAL LIABILITIES

16 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial liabilities at fair value through profit or loss

(€ million)	Financial liabilities held for trading		Financial liabilities designated as at fair value through profit or loss		Total	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Financial liabilities related to investment contracts issued by insurance companies	0	0	5,435	3,662	5,435	3,662
where the investment risk is borne by the policyholders	0	0	1,675	1,676	1,675	1,676
pension funds	0	0	3,606	1,856	3,606	1,856
other financial liabilities related to investment contracts	0	0	154	130	154	130
Derivatives	799	838	0	0	799	838
Hedging derivatives	0	0	925	445	925	445
Other financial liabilities at FV	0	0	39	37	39	37
Total	**799**	**838**	**6,399**	**4,145**	**7,198**	**4,983**

17 OTHER FINANCIAL LIABILITIES

Other financial liabilities

(€ million)	31/12/2020	31/12/2019
Subordinated liabilities	**7,681**	**7,717**
Loans and bonds	**13,265**	**13,342**
Deposits received from reinsurers	1,629	705
Bonds	1,738	3,052
Other loans	3,511	3,380
Financial liabilities related to investment contracts issued by insurance companies	6,386	6,205
Liabilities to banks or customers	**15,925**	**14,862**
Liabilities to banks	494	31
Liabilities to customers	15,430	14,830
Total	**36,871**	**35,921**

In 2020 the item Subordinated liabilities decreased by € 36 million due to the following transactions. In July 2020, a liability management transaction was completed through a buyback offer for an amount up to € 600 million on subordinated notes callable in 2022. The transaction was financed through an issuance of a new subordinated green bond of € 600 million. The main Group's financial liabilities at amortized cost are represented by senior bonds and subordinated liabilities. The following tables sort Senior and Subordinated liabilities into categories based on maturity, or first call date, when applicable. For each category of maturity, the undiscounted cash flows (including the related hedging derivatives), the book value and the fair value of financial liabilities are reported.

Subordinated liabilities - undiscounted cash flows

(€ million)	31/12/2020			31/12/2019		
	Undiscounted cash flow	Book value	Fair value	Undiscounted cash flow	Book value	Fair value
Up to 1 year	432	50	50	415	0	0
between 1 and 5 years	4,863	2,321	2,623	3,618	1,644	1,946
between 5 and 10 years	5,324	4,714	5,589	6,271	5,326	6,282
more than 10 years	615	596	602	766	747	779
Total subordinated liabilities	**11,234**	**7,681**	**8,864**	**11,070**	**7,717**	**9,007**

The following main subordinated issuances are included as part of the subordinated liabilities category:

Main subordinated issues

	Coupon	Outstanding (*)	Currency	Amortised cost (**)	Issue date	Call date	Maturity
Assicurazioni Generali	6.27%	350	GBP	389	16/06/2006	16/02/2026	Perp
Assicurazioni Generali	6.42%	167	GBP	186	08/02/2007	08/02/2022	Perp
Assicurazioni Generali	10.13%	302	EUR	301	10/07/2012	10/07/2022	10/07/2042
Assicurazioni Generali	7.75%	467	EUR	467	12/12/2012	12/12/2022	12/12/2042
Assicurazioni Generali	4.13%	1,000	EUR	993	02/04/2014	n.a.	04/05/2026
Assicurazioni Generali	4.60%	1,500	EUR	1,341	21/11/2014	21/11/2025	Perp
Assicurazioni Generali	5.50%	1,250	EUR	1,244	27/10/2015	27/10/2027	27/10/2047
Assicurazioni Generali	5.00%	850	EUR	843	08/06/2016	08/06/2028	08/06/2048
Assicurazioni Generali	**3.88%**	**500**	**EUR**	**498**	29/01/2019	n.a.	29/01/2029
Assicurazioni Generali	2.12%	750	EUR	747	01/10/2019	n.a.	01/10/2030
Assicurazioni Generali	2.43%	600	EUR	596	14/07/2020	14/01/2031	14/07/2031
Generali zavarovalnica d.d. (***)	EUR3M+7.8%	50	EUR	50	24/05/2016	24/05/2021	24/05/2026

(*) In currency million.

(**) In € million.

(***) This liability was issued by Adriatic Slovenica, merged in Generali zavarovalnica d.d. in 2020.

Subordinated liabilities issued by Assicurazioni Generali S.p.A. and other subsidiaries are classified in this category. The remaining subordinated liabilities relate to the securities issued by Austrian subsidiaries and corresponding to an amortized cost of approximately € 25 million.

As previously mentioned, in July 2020, thanks to a liability management transaction, a buyback offer for an amount up to € 600 million was concluded on subordinated notes callable in 2022, financed through an issuance of a new subordinated green bond of € 600 million.

The fair value of subordinated liabilities amounted to € 8,864 million.

Senior bonds - undiscounted cash flows

(€ million)	31/12/2020			31/12/2019		
	Undiscounted cash flow	Book value	Fair value	Undiscounted cash flow	Book value	Fair value
Up to 1 year	90	0	0	1,443	1,314	1,315
between 1 and 5 years	2,019	1,738	2,103	2,109	1,738	2,144
between 5 and 10 years	0	0	0	0	0	0
more than 10 years	0	0	0	0	0	0
Total bond issued	**2,109**	**1,738**	**2,103**	**3,552**	**3,052**	**3,459**

The category of bonds includes several listed senior issues shown below:

Main senior bonds issues

Issuer	Coupon	Outstanding (*)	Currency	Amortised cost (**)	Issue date	Maturity
Assicurazioni Generali	5.13%	1,750	EUR	1,738	16/09/2009	16/09/2024

(*) In currency million.

(**) In € million.

The category of bonds issued decreased in 2020 by € 1,250 million due to the repayment without refinancing of the senior bond with expiry date 14 January 2020, aligned with the Group strategy communicated at the Investor Day of November 2018.

Details on financial liabilities

The major monetary and non-monetary changes occurred during the period for the main items of financial liabilities (non-insurance) as well as for derivatives at fair value are shown below:

Other financial liabilities

(€ million)			Non-monetary changes				
	Carrying amount as at 31.12 previous year	Cash-flows movements	Fair value changes	Changes in consolidation scope	Foreign currency translation effects	Other non-cash movements	Carrying amount as at the end of the period
Subordinated liabilities	7,717	-9	0	10	-37	0	7,681
Net position of hedging derivatives on subordinated liabilities	200	-29	62	0	-9	0	224
Bonds and other loans at long term	5,036	-1,456	0	285	-9	13	3,870
Derivatives and hedging derivatives classified as financial liabilities	1,079	406	84	0	-68	0	1,500
REPO and other short term financial liabilities	1,396	-21	0	0	5	0	1,380
Other financial liabilities at fair value	37	-0	2	0	-0	0	39
Total	**15,465**	**-1,110**	**148**	**295**	**-119**	**13**	**14,693**

OTHER BALANCE SHEET ITEMS

18 INTANGIBLE ASSETS

Intangible assets

(€ million)	31/12/2020	31/12/2019
Goodwill	**7,537**	**7,180**
Other intangible assets	**2,075**	**2,221**
Software	593	576
Value of in-force business arising from insurance business combination	546	644
Other intangible assets	936	1,000
Total	**9,612**	**9,401**

Other intangible assets

(€ million)	31/12/2020	31/12/2019
Gross book value as at 31 December previous year	**6,428**	**6,144**
Accumulated depreciation and impairment as at 31 December previous year	**-4,208**	**-4,079**
Carrying amount as at 31 December previous year	**2,221**	**2,065**
Foreign currency translation effects	-55	11
Acquisitions of the period	366	419
Changes in consolidation scope	-32	197
Sales of the period	-35	-52
Amortization of the period	-386	-429
Impairment losses of the period	-4	-1
Other variations	0	9
Carrying amount as at the end of the period	**2,075**	**2,221**
Accumulated depreciation and impairment as at the end of the period	**4,422**	**4,208**
Gross book value as at the end of the period	**6,497**	**6,428**

The value of the insurance portfolio (or the value in force) acquired in business combinations, according to IFRS 3, amounted to € 546 million. This amount was attributable to:

- the acquisitions which took place in 2006 of portfolio of Toro Group (€ 41 million net of accumulated amortization) and in Central-Eastern Europe (€ 5 million net of accumulated amortization);
- the acquisition of Ceska Group, which brought a further activation of € 468 million, net of amortization;
- other acquisition occurred during the period in Central-Eastern Europe equal to € 34 million net of accumulated amortization (of which Adriatic Slovenica for € 31 million net of amortization), and Portugal of € 4 million net of amortization.

Deferred tax liabilities were accounted for with reference to the above mentioned intangible assets. Further information on calculation method are detailed in the paragraph Other intangible assets of the section Basis for presentation and accounting principles.

19 TANGIBLE ASSETS

The main changes that occurred in the period and the fair value of the properties used for own activity by the Parent Company and its subsidiaries to run the activity are shown in the table below:

Land and buildings (Self used)

(€ million)	31/12/2020	31/12/2019
Gross book value as at 31 December previous year	**3,942**	**3,484**
Accumulated depreciation and impairment as at 31 December previous year	**-1,054**	**-979**
Carrying amount as at 31 December previous year	**2,888**	**2,505**
Foreign currency translation effects	-18	1
Acquisition of the period	49	144
Capitalized expenses	40	52
Changes in consolidation scope	19	489
Reclassifications	-39	-147
Sales of the period	-9	-33
Depreciation of the period	-166	-125
Impairment loss of the period	-0	-0
Reversal of impairment of the period	0	1
Carrying amount as at the end of the period	2,764	2,888
Accumulated depreciation and impairment as at the end of the period	**1,039**	**1,054**
Gross book value as at the end of the period	**3,803**	**3,942**
Fair value	**3,772**	**3,742**

The fair value of land and buildings (self-used) at the end of the reporting period was mainly based on external appraisal.

Other tangible assets

(€ million)	31/12/2020	31/12/2019
Gross book value as at 31 December previous year	**2,616**	**2,517**
Accumulated depreciation and impairment as at 31 December previous year	**-1,321**	**-1,254**
Carrying amount as at 31 December previous year	**1,295**	**1,263**
Foreign currency translation effects	-4	-1
Acquisition of the period	95	97
Changes in consolidation scope	1	47
Sales of the period	-26	-18
Amortization of the period	-64	-100
Net impairment losses of the period	0	-9
Other variations	-258	16
Carrying amount as at the end of the period	**1,040**	**1,295**
Accumulated depreciation and impairment as at the end of the period	**1,436**	**1,321**
Gross book value as at the end of the period	**2,475**	**2,616**

Other tangible assets, which amounted to € 1,040 million (€ 1,295 million at 31 December 2019), mainly includes property inventories for an amount of € 640 million (mainly related to Citylife project) and furniture, fittings and office equipment, net of accumulated amortization and impairment losses (€ 311 million). The item Other changes highlights the reclassification of properties for which the completion stage was completed within investment properties.

20 RECEIVABLES

Receivables

(€ million)	31/12/2020	31/12/2019
Receivables arising out of direct insurance operations	7,524	7,377
Receivables arising out of reinsurance operations	1,905	1,653
Other receivables	2,672	2,924
Receivables	**12,101**	**11,954**

The category includes receivables arising out of the different activities of the Group, such as direct insurance and reinsurance operations. The item Other receivables and its change mainly relates to collateral as guarantee of derivative operations.

21 OTHER ASSETS

Altri elementi dell'attivo

(€ million)	31/12/2020	31/12/2019
Non-current assets or disposal groups classified as held for sale	0	0
Deferred acquisition costs	2,117	2,121
Tax receivables	3,291	3,146
Deferred tax assets	2,785	2,478
Other assets	5,471	6,108
Total	**13,664**	**13,852**

For details on deferred taxes please refer to paragraph Income taxes, of the section Notes to the income statement.

22 OTHER PROVISIONS

Other provisions

(€ million)	31/12/2020	31/12/2019
Provision for taxation other than income taxes	5	17
Provisions for commitments	754	643
Other provisions	1,013	1,076
Total	**1,772**	**1,736**

Provisions for commitments and other provisions included provisions for corporate restructuring, litigation or similar events as well as other commitments for which, at balance sheet date, an outflow of resourced to setting the related obligation is considered probable and reliably estimated. The amounts recognized in the financial statements represents the best estimate of their value. In particular, in the assessment all the peculiarities of the specific provisions are taken into account, including the effective period of incurrence of the contingent liabilities and consequently the expected cash flows on the different estimates and assumptions.
The decrease of other provision is also attributable to the reversal of the provision related to legal expenses in the context of the Arbitral with BTG Pactual for the disposal of BSI. For more detail please refer to paragraph 48 - Significant non-recurring events and transactions.
The increase of provisions for commitments is mainly attributable to costs for commercial policies aimed at policyholder retention following the context created by the health emergency.

Other provisions - main changes occurred during the period

(€ million)	31/12/2020	31/12/2019
Carrying amount as at 31 December previous year	**1,736**	**1,744**
Foreign currency translation effects	-4	1
Changes in consolidation scope	2	4
Changes	39	-12
Carrying amount as at the end of the period	**1,772**	**1,736**

In the normal course of business, the Group may enter into arrangements that do not lead to the recognition of those commitments as assets and liabilities in the consolidated financial statements under IFRS (contingent assets and liabilities). For further information regarding contingent liabilities please refer to the paragraph Contingent liabilities, commitments, guarantees, pledged assets and collaterals in Additional information.

23 PAYABLES

Payables

(€ million)	31/12/2020	31/12/2019
Payables arising out of direct insurance operations	**5,080**	**4,240**
Payables arising out of reinsurance operations	**1,254**	**697**
Other payables	**6,851**	**6,241**
Payables to employees	1,160	1,146
Provision for defined benefit plans	85	97
Payables to suppliers	1,536	1,480
Social security	308	291
Other payables	3,763	3,227
Total	**13,184**	**11,178**

The item Other payables and its change mainly relates to collateral as guarantee of derivative operations.

The increase in payables arising out of reinsurance operations is mainly attributable to a partnership in France in protection and health business.

24 OTHER PAYABLES

Other liabilities

(€ million)	31/12/2020	31/12/2019
Liabilities directly associated to non-current assets and disposal groups classified as held for sale	0	0
Deferred tax liabilities	3,871	3,174
Tax payables	1,768	2,012
Other liabilities	5,921	6,508
Total	**11,561**	**11,693**

Other liabilities include liabilities related to defined employee benefit plans amounting to € 4,426 million (€ 4,223 million as of 31 December 2019). For details on deferred taxes please refer to paragraph Income taxes of the section in Notes to the income statement

NOTES TO THE INCOME STATEMENT

INCOME

25 NET EARNED PREMIUMS

Net earned premiums

(€ million)	Gross amount		Reinsurers' share		Net amount	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Non-life earned premiums	**22,175**	**21,486**	**-1,289**	**-1,145**	**20,886**	**20,341**
Premiums written	22,211	21,575	-1,323	-1,189	20,888	20,386
Change in the provision for unearned premiums	-36	-89	34	44	-2	-45
Life premiums	**45,218**	**46,651**	**-1,637**	**-753**	**43,582**	**45,898**
Other premiums written	**0**	**0**	**0**	**0**	**0**	**0**
Total	**67,393**	**68,137**	**-2,926**	**-1,898**	**64,468**	**66,239**

26 FEE AND COMMISSIONS INCOME AND INCOME FROM FINANCIAL SERVICE ACTIVITIES

Fee and commissions income from financial services activities

(€ million)	31/12/2020	31/12/2019
Fee and commission income from banking activity	250	228
Fee and commission income from asset management activity	1,139	1,053
Fee and commission income related to investment contracts	47	30
Fee and commission income related to pension funds management	28	18
Other fees and commission income	41	25
Total	**1,504**	**1,354**

27 NET INCOME FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

Net income from financial asset at fair value through profit or loss

(€ million)	Financial investments held for trading		Financial investments back to policies where the investment risk is borne by the policyholders and related to pension funds		Financial investments designated at fair value through profit or loss		Total financial investments at fair value through profit or loss	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Interest income	23	-14	231	325	229	288	483	599
Realized gains	239	245	745	1,013	10	121	995	1,378
Realized losses	-135	-427	-1,226	-219	-115	-26	-1,477	-672
Unrealized gains	904	893	9,375	10,127	615	826	10,894	11,846
Unrealized losses	-924	-1,045	-7,511	-1,497	-682	-431	-9,117	-2,973
Total	**106**	**-350**	**1,614**	**9,748**	**57**	**779**	**1,778**	**10,177**

The net income from financial assets at fair value through profit or loss mainly referred to the life segment (€ 1,816 million). This item is not material for non-life segment (€ 3 million).

28 INCOME AND EXPENSES FROM SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

Income and expenses from subsidiaries, associated companies and joint ventures

(€ million)	31/12/2020	31/12/2019
Dividends and other income	108	115
Realized gains	35	26
Reversal of impairment	1	7
Total	**143**	**148**

29 INCOME FROM OTHER FINANCIAL INSTRUMENTS AND LAND AND BUILDINGS (INVESTMENT PROPERTIES)

Income from other financial instruments and land and buildings (investment properties)

(€ million)	31/12/2020	31/12/2019
Interest income	**7,713**	**8,149**
Interest income from held to maturity investments	142	174
Interest income from loans and receivables	984	1,060
Interest income from available for sale financial assets	6,536	6,860
Interest income from other receivables	10	5
Interest income from cash and cash equivalents	41	49
Other income	**2,458**	**2,624**
Income from land and buildings (investment properties)	909	934
Other income from available for sale financial assets	1,549	1,691
Realized gains	**3,378**	**2,672**
Realized gains on land and buildings (investment properties)	79	186
Realized gains on held to maturity investments	0	14
Realized gains on loans and receivables	7	76
Realized gains on available for sale financial assets	3,292	2,395
Realized gains on other receivables	0	1
Realized gains on financial liabilities at amortised cost	0	0
Reversal of impairment	**129**	**121**
Reversal of impairment of land and buildings (investment properties)	17	16
Reversal of impairment of held to maturity investments	20	0
Reversal of impairment of loans and receivables	34	10
Reversal of impairment of available for sale financial assets	0	23
Reversal of impairment of other receivables	59	72
Total	**13,679**	**13,566**

30 OTHER INCOME

Other income

(€ million)	31/12/2020	31/12/2019
Gains on foreign currencies	1,190	630
Income from tangible assets	210	167
Reversal of other provisions	230	251
Income from service and assistance activities and recovery of charges	877	981
Income from non-current assets or disposal group classified as held for sale	0	0
Other technical income	930	910
Other income	234	212
Total	**3,670**	**3,151**

The item income from tangible assets includes the badwill of € 60 million recognized following the subscription of the Cattolica Assicurazioni capital increase.

EXPENSES

31 NET INSURANCE BENEFITS AND CLAIMS

Net insurance benefits and claims

(€ million)	Gross amount		Reinsurers' share		Net amount	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Non-life net insurance benefits and claims	**13,409**	**13,644**	**-665**	**-571**	**12,744**	**13,073**
Claims paid	13,468	13,990	-696	-646	12,772	13,344
Change in the provisions for outstanding claims	-162	-439	36	61	-126	-378
Change in claims paid to be recovered	-15	-13	-6	15	-20	2
Change in other insurance provisions	117	106	1	-1	118	105
Life net insurance benefits and claims	**48,647**	**58,677**	**-1,380**	**-688**	**47,267**	**57,989**
Claims payments	33,343	33,722	0	-630	33,344	33,092
Change in the provisions for outstanding claims	1,522	174	-715	1	807	176
Change in the mathematical provisions	6,985	11,361	-588	-58	6,397	11,302
Change in the provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	5,175	11,852	-1	0	5,174	11,852
Change in other insurance provisions	1,621	1,568	-76	-1	1,545	1,567
Total	**62,056**	**72,321**	**-2,045**	**-1,259**	**60,011**	**71,062**

32 FEE AND COMMISSIONS EXPENSES AND EXPENSES FROM FINANCIAL SERVICE ACTIVITIES

Fee and commissions expenses and expenses from financial service activities

(€ million)	31/12/2020	31/12/2019
Fee and commission expenses from banking activity	434	416
Fee and commission expenses from asset management activity	221	214
Fee and commission expenses related to investment contracts	9	10
Fee and commission expenses related to pension funds management	13	10
Total	**677**	**650**

33 EXPENSES FROM SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

Expenses from subsidiaries, associated companies and joint ventures

(€ million)	31/12/2020	31/12/2019
Realized losses	2	8
Impairment losses	100	52
Total	**102**	**60**

34 EXPENSES FROM OTHER FINANCIAL INSTRUMENTS AND LAND AND BUILDINGS (INVESTMENT PROPERTIES)

Expenses from other financial instruments and land and buildings (investment properties)

(€ million)	31/12/2020	31/12/2019
Interest expense	**837**	**1,024**
Interest expense on subordinated liabilities	406	494
Interest expense on loans, bonds and other payables	313	404
Interest expense on deposits received from reinsurers	37	17
Other interest expense	81	108
Other expenses	**411**	**416**
Other expenses on financial instruments	0	1
Depreciation of land and buildings (investment properties)	216	198
Expenses from land and buildings (investment properties)	195	217
Realized losses	**1,458**	**1,083**
Realized losses on land and buildings (investment properties)	7	13
Realized losses on held to maturity investments	0	0
Realized losses on loans and receivables	6	12
Realized losses on available for sale financial assets	1,344	806
Realized losses on other receivables	6	4
Realized losses on financial liabilities at amortized cost	95	247
Impairment losses	**1,181**	**742**
Impairment of land and buildings (investment properties)	118	22
Impairment on held to maturity investments	0	51
Impairment of loans and receivables	148	148
Impairment of available for sale financial assets	886	507
Impairment of other receivables	29	14
Total	**3,887**	**3,265**

35 ACQUISITION AND ADMINISTRATION COSTS

Spese di gestione

(€ million)	Non-life segment		Life segment		Other businesses (**)	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Net acquisition costs and other commissions	4,804	4,695	3,930	3,893	-0	0
Investment management expenses(*)	85	86	429	337	132	135
Other administration costs	1,095	1,112	910	944	737	679
Total	**5,984**	**5,892**	**5,269**	**5,174**	**869**	**814**

(*) Before the elimination of intra-group transactions between segments.

(**) Including Asset Management segment and Holding and other companies.

In the Property & Casualty segment, acquisition and administration costs increased mainly due to increase in costs related to insurance activities; non-insurance administration expenses amounted to € 24 million (€ 28 million al 31 December 2019), of which € 8 million related to real estate activity (€ 13 million al 31 December 2019).

Within Other administrative costs of the Life segment, the investment management expenses amounted to € 37 million (€ 37 million at 31 December 2019), the non-insurance management expenses amounted to € 4 million (€ 3 million al 31 December 2019) and are mainly referred to real estate activity.

36 OTHER EXPENSES

Other expenses

(€ million)	31/12/2020	31/12/2019
Amortization and impairment of intangible assets	389	379
Amortization of tangible assets	231	194
Expenses from tangible assets	73	61
Losses on foreign currencies	1,355	570
Restructuring charges, termination employee benefit expenses and allocation to other provisions	371	488
Other taxes	231	230
Expenses from service and assistance activities and charges incurred on behalf of third parties	510	580
Expenses from non-current assets or disposal group classified as held for sale	0	0
Other technical expenses	771	538
Holding costs	615	632
Other expenses	989	788
Total	**5,534**	**4,459**

Other technical expenses increase as a result of the costs for commercial policies aimed at customer retention following the context created by the health emergency.

The item Other expenses includes the non-operating cost of € 100 million for the establishment of the Extraordinary International Fund launched by the Group to deal with the Covid-19 emergency, in support of national health systems and economic recovery; additional local initiatives in the main countries of operation, for a total of € 68 million, aimed at responding to the Covid-19 emergency; and, in France, an extraordinary compulsory contribution to the national health system requested from the insurance sector for € 64 million.

37 INCOME TAXES

This item shows the income taxes due by the Italian and the foreign consolidated companies by applying the income tax rates and rules in force in each country.
The components of the income tax expense for 2020 and 2019 are the following:

Income taxes

(€ million)	31/12/2020	31/12/2019
Income taxes	965	1,354
Deferred taxes	210	-232
Total taxes of period	**1,175**	**1,122**
Income taxes on discontinued operations	0	11
Total income taxes	**1,175**	**1,133**

In Italy, with respect to the 2020 fiscal year, income taxes are calculated by using the ordinary corporate income tax rate of 24% (IRES). Furthermore, income taxes of Italian companies include the regional tax on productive activities (IRAP).
Income realised in Germany is subject to the corporate income tax - which is calculated on a rate of 15% plus a solidarity surcharge of 5.5%
In addition, the income earned by German companies is subject to a local tax (Gewerbesteuer), the rate of which varies depending on the municipality in which the company is situated. In 2018 the weighted average tax rate remained substantially unchanged at approximately 16.20%.
In France, income taxes are calculated by using an overall corporate income tax rate of 32.02%. In particular, this overall rate includes the basic rate expected in the tax on corporate income, equal to 31%, increased by an additional (contribution sociale) of 3.3% and a further additional temporary always calculated with reference the standard rate.
All other foreign subsidiaries apply their national tax rates, including: Austria (25%), Bulgaria (10%), China (25%), Czech Republic (19%), the Netherlands (25%), Poland (19%), Romania (16%), Spain (25%), Switzerland (19%) and United States (21%).
The following table shows a reconciliation from the theoretical income tax expense, by using the Italian corporate income tax rate of 24%, to the effective tax rate.

Reconciliation from theoretical income tax expenses to the effective tax rate

(€ million)	31/12/2020	31/12/2019
Expected income tax rate	**24.0%**	**24.0%**
Earning before taxes	**3,390**	**3,587**
Expected income tax expense	**814**	**861**
Effect of permanent differencies and foreign tax rate differential	55	83
Effect of fiscal losses	168	-66
IRAP, trade tax and other local income taxes	214	231
Substitute taxes	30	96
Foreign withholding taxes not recoverable	47	72
Income taxes for prior years	-157	-133
Other	4	-22
Tax expenses	**1,175**	**1,122**
Effective tax rata	**34.7%**	**31.3%**

With respect to the 2020 fiscal year, the effective tax rate increased by 3.4 percentage points vis-à-vis the previous year and is equal to 34.7%. The reduction in the effective tax rate is essentially due to an increase of tax deductible acquisition costs in China and refunds/assessments of taxes for previous years in Italy and Germany. This increase is essentially attributable to the greater incidence of some non-deductible charges.

The tax benefit deriving from the tax losses that can be carried forward is recognized in the financial statements only to the extent that it is probable that a future taxable income will be available against which the aforementioned tax losses can be used by the respective due date.

Fiscal losses carried forward are scheduled according to their expiry periods as follows.

Fiscal losses

(€ million)	31/12/2020	31/12/2019
2020	3	0
2021	10	22
2022	9	1
2023	0	8
2024	0	28
2025	31	0
2026	26	9
2027	72	0
2028 and over	57	42
Unlimited	1,096	1,244
Fiscal losses carried forward	**1,304**	**1,354**

With regards to fiscal losses, it is worth noting that Italian Law by Decree 98/2011 introduced that fiscal losses can be carried forward with no time limits (as opposed to the previous five-year limitation). Losses from a given year may, however, only be used to offset up to 80% of the taxable income of any following fiscal year.

Deferred income taxes are calculated on the temporary differences between the carrying amounts of assets and liabilities reported in the financial statements and their tax base, by using the tax rates applicable at the expected time of realisation according to each country's current legislation.

The ultimate realisation of deferred tax assets is dependent on the generation of future taxable income during the periods in which those temporary differences become deductible.

Furthermore, in making this assessment, management considers the scheduled reversal of deferred tax liabilities and tax planning strategies.

Assessments show that deferred tax assets will be recovered in the future through either (i) expected taxable income of each consolidated company or (ii) expected taxable income of other companies included in the same tax group (e.g. Consolidato fiscale in Italy, Steuerliche Organschaft in Germany and Régime d'intégration fiscale in France).

Deferred taxes are related to the following assets and liabilities.

Net deferred tax assets

(€ million)	31/12/2020	31/12/2019
Intangible assets	387	356
Tangible assets	141	142
Land and buildings (investment properties)	514	522
Available for sale financial assets	5,351	4,065
Other investments	277	282
Deferred acquisition costs	14	14
Other assets	297	326
Fiscal losses carried forward	140	77
Allocation to other provisions and payables	562	541
Insurance provisions	533	478
Financial liabilities and other liabilities	847	790
Other	84	121
Total deferred tax assets	**9,146**	**7,714**
Netting	-6,361	-5,236
Total net deferred tax assets	**2,785**	**2,478**

Net deferred tax liabilities

(€ million)	31/12/2020	31/12/2019
Intangible assets	128	151
Tangible assets	126	135
Land and buildings (investment properties)	168	167
Available for sale financial assets	7,807	6,276
Other investments	471	304
Deferred acquisition costs	506	493
Other assets	71	62
Other provisions and payables	59	37
Insurance provisions	1,067	958
Financial liabilities and other liabilities	-134	-141
Other	-38	-33
Total deferred tax liabilities	**10,232**	**8,410**
Netting	-6,361	-5,236
Total net deferred tax liabilities	**3,871**	**3,174**

FAIR VALUE MEASUREMENT

IFRS 13 - Fair Value Measurement provides guidance on fair value measurement and requires disclosures about fair value measurements, including the classification of financial assets and liabilities in the levels of fair value hierarchy.
With reference to the investment, Generali Group measures financial assets and liability at fair value of in the financial statements, or discloses it in the notes.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). In particular, an orderly transaction takes place in the principal or most advantageous market at the measurement date under current market conditions.
A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:
(a) in the principal market for the asset or liability; or
(b) in the absence of a principal market, in the most advantageous market for the asset or liability.
The fair value is equal to market price if market information is available (i.e. relative trading levels of identical or similar instruments) into an active market, which is defined as a market where the items traded within the market are homogeneous, willing buyers and sellers can normally be found at any time and prices are available to the public.
If there isn't an active market, it should be used a valuation technique which however shall maximise the observable inputs.
If the fair value cannot be measured reliably, amortized cost is used as the best estimate in determining the fair value.
As for measurement and disclosure, the fair value depends on its unit of account, depending on whether the asset or liability is a stand-alone asset or liability, a group of assets, a group of liabilities or a group of assets and liabilities in accordance with the related IFRS.
The table below illustrates both the carrying amount and the fair value of financial assets and liabilities recognised in the balance sheet at 31 December 2020[1].

1 With reference to investments in subsidiaries, associates and joint ventures, the book value, based on the fraction of equity for associates and interests in joint ventures or on cost adjusted for any impairment losses for non-consolidated subsidiaries, was used as a reasonable proxy of their fair value.

Carrying amount and Fair value

(€ million)	31/12/2020	
	Total carrying amount	Total fair value
Available for sale financial assets	337,005	337,005
Financial assets at fair value through profit or loss	20,534	20,534
Held to maturity investments	1,983	2,143
Loans	26,265	29,496
Land and buildings (investment properties)	15,124	24,660
Own used land and buildings	2,764	3,772
Investments in subsidiaries, associated companies and joint ventures	2,107	2,107
Cash and cash equivalents	7,900	7,900
Investments back to unit and index-linked policies	84,914	84,914
Total investments	**498,595**	**512,530**
Financial liabilities at fair value through profit or loss	7,198	7,198
Other liabilities	12,338	14,061
Liabilities to banks or customers	15,925	15,923
Total financial liabilities	**35,461**	**37,183**

From the table above, in line with IFRS 13 definitions, the following items, part of below mentioned balance sheet categories, are excluded:

- Loans and receivables: reinsurance deposits provided and term deposits;
- Other financial liabilities: reinsurance deposits received and liabilities arising from investment contracts measured at cost sold by insurance entities and liabilities subject to leasing.

38 FAIR VALUE HIERARCHY

Assets and liabilities measured at fair value in the consolidated financial statements are measured and classified in accordance with the fair value hierarchy in IFRS 13, which consists of three levels based on the observability of inputs within the corresponding valuation techniques used.

The fair value hierarchy levels are based on the type of inputs used to determine the fair value:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; market-corroborated inputs).
- Level 3 inputs are unobservable inputs for the asset or liability, which reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk (of the model used and of inputs used).

The fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgement, taking into account factors specific to the asset or liability.

A fair value measurement developed using a present value technique might be categorised within Level 2 or Level 3, depending on the inputs that are significant to the entire measurement and the level of the fair value hierarchy within which those inputs are categorised.

If an observable input requires an adjustment using an unobservable input and that adjustment results in a significantly higher or lower fair value measurement, the resulting measurement would be categorised within the level attributable to the input with the lowest level utilized.

Adequate controls have been set up to monitor all measurements including those provided by third parties. If these checks show that the measurement is not considered as market corroborated the instrument must be classified in level 3.

The table shows the classification of financial assets and liabilities measured at fair value among the levels of fair value hierarchy as defined by IFRS 13.

Fair Value Hierarchy

31/12/2020	Livello 1	Livello 2	Livello 3	Totale
Available for sale financial assets	300,963	27,089	8,953	337,005
Equities	6,066	675	1,150	7,891
Bonds	267,763	20,811	584	289,158
Investment funds units	25,105	5,119	6,904	37,128
Other assets available for sale financial	2,029	484	315	2,828
Financial assets at fair value through profit or loss	93,837	8,497	3,114	105,447
Equities	26	2	48	75
Bonds	2,514	890	34	3,439
Investment fund units	12,321	1,416	109	13,846
Derivatives	11	1,185	0	1,197
Hedging derivatives	0	1,549	0	1,549
Investments back to policies where the risk is borne by the policyholders	78,964	3,158	2,792	84,914
Other assets at fair value through profit or loss	0	297	131	428
Total assets at fair value	**394,799**	**35,586**	**12,067**	**442,453**
Financial liabilities at fair value through profit or loss	4,750	2,278	169	7,198
Financial liabilities related to investments contracts issued by insurance companies	4,744	538	153	5,435
Derivatives	4	795	0	799
Hedging derivatives	0	909	16	925
Other financial liabilities	2	36	0	39
Total liabilities at fair value	**4,750**	**2,278**	**169**	**7,198**

Fair Value Hierarchy: comparative period

31/12/2019	Livello 1	Livello 2	Livello 3	Totale
Available for sale financial assets	285,224	24,518	8,453	318,195
Equities	11,415	501	1,499	13,415
Bonds	250,489	19,420	724	270,632
Investment funds units	22,378	4,249	5,893	32,519
Other assets available for sale financial	943	349	337	1,629
Financial assets at fair value through profit or loss	87,062	6,531	2,080	95,672
Equities	28	2	54	84
Bonds	2,297	1,052	34	3,384
Investment fund units	9,838	1,281	147	11,266
Derivatives	15	1,278	0	1,294
Hedging derivatives	0	813	0	813
Investments back to policies where the risk is borne by the policyholders	74,883	1,828	1,764	78,475
Other assets at fair value through profit or loss	0	277	81	358
Total assets at fair value	**372,286**	**31,049**	**10,533**	**413,868**
Financial liabilities at fair value through profit or loss	3,035	1,847	101	4,983
Financial liabilities related to investments contracts issued by insurance companies	3,031	542	90	3,662
Derivatives	1	836	0	838
Hedging derivatives	0	434	11	445
Other finanical liabilities	3	35	0	37
Total liabilities at fair value	**3,035**	**1,847**	**101**	**4,983**

39 TRANSFERS OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE BETWEEN LEVEL 1 AND LEVEL 2

Generally, transfers between levels are attributable to changes in market activities and observability of the inputs used in valuation techniques to determine the fair value of certain instruments.

Financial assets and financial liabilities are mainly transferred from level 1 to level 2 when the liquidity and the frequency of transactions are no longer indicative of an active market. Conversely, for transfers from level 2 to level 1.

The transfers were as follows:

- from level 2 to level 1 €492 million and from level 1 to level 2 € 661 million of bonds, mainly corporate, mainly due to the different availability of information on their value and price
- from level 2 to level 1 €748 million of OICR classified as available for sale and designated at fair value through profit or loss, mainly due to the different availability of information on the market activity and price source;
- from level 1 to level 2 €833 million of investments back to policies where the risk is borne by the policyholders for the same reasons of the latter point.

40 ADDITIONAL INFORMATION ON LEVEL 3

The amount of financial instruments classified in Level 3 represents 2.7% of total financial assets and liabilities at fair value, stable compared to 31 December 2019.

Generally, the main inputs used in valuation techniques are volatility, interest rates, yield curves, credit spreads, dividend estimates and exchange rates.

The more significant assets classified within Level 3 are the following:

- Unquoted equities

It includes unquoted equity securities, mainly classified into available for sale. Their fair value is determined using the valuation methods described above or based on the net asset value of the company. These contracts are valued individually using appropriate input depending on the security and therefore neither a sensitivity analysis nor an aggregate of unobservable inputs used would be indicative of the valuation.

In addition, for certain securities the amortized cost is considered to be a reasonable proxy for fair value, and does not therefore apply a sensitivity analysis.

- Unquoted IFU funds

Are quotas in unquoted IFU funds classified into Available for Sale and Fair value through profit or loss. Their fair value is determined using the net asset value data provided by those who are responsible for their NAV calculation.

For more details on the nature of Group funds please refer to the section Investments in the Notes.

Being the unquoted IFU funds linearly affected by the variation of the underlying assets, the Group assumes that a variation in the value of the underlying assets causes the same variation in the fair value of these unquoted IFU bonds as well.

- Private equity and hedge funds

Are quotas in private equity and hedge funds classified into Available for Sale and Fair value through profit or loss. Their fair value is generally defined considering the net asset value at the reporting date, which is determined by using the periodical net asset value and the certified financial statements provided by the manager of the funds, possibly adjusted considering the liquidity of the funds. Furthermore, the fair value of these investments is closely monitored by a professional team within the Group.

For more details on the nature of Group funds please refer to the section Investments in the Notes.

Being the private equity and hedge funds linearly affected by the variation of the underlying assets, the Group assumes that a variation in the value of the underlying assets causes the same variation in the fair value of these funds as well.

- Bonds

Are corporate bonds, classified into available for sale and fair value through profit or loss. Their fair value is mainly determined based on the market or income approach. In terms of sensitivity analysis any changes in the inputs used in the valuation do not cause a significant impact on the fair value at the Group level considering the lack of materiality of these securities classified in level 3.

Moreover, given the analyses described above, the Group has decided to classify all the asset-backed securities items in Level 3 considering that their evaluation is generally not corroborated by market inputs. For what regards prices provided by providers or counterparties, bonds for which it is not possible to replicate the price using market inputs have been classified in Level 3. Therefore, given the lack of information concerning the inputs used for the determination of the price, the Group is not able to perform a sensitivity analysis on these bonds.

- Financial assets where the investment risk is borne by the policyholders and related to pension funds

Their fair value is determined using the valuation methods and observations on sensitivity analysis and input described above.

The following table shows a reconciliation of financial instruments measured at fair value and classified as level 3.

Rollforward of financial instruments classified as level 3

(€ million)	Carrying amount at the beginning of the period	Purchases and issues	Net transfers in (out of) Level 3	Disposals through sales and settlements
Available for sale assets	**8,453**	**1,644**	**-236**	**-900**
- Equities	1,499	8	-231	-95
- Bonds	724	173	-5	-315
- Investment fund units	5,893	1,464	0	-436
- Other available for sale financial assets	337	-0	0	-53
Financial assets at fair value through profit or loss	**2,080**	**314**	**-63**	**-145**
- Equities	54	0	0	0
- Bonds	34	4	0	-3
- Investment fund units	147	2	0	-38
- Derivatives	0	0	0	0
- Hedging derivatives	0	0	0	0
Investments back to policies where the investment risk is borne by the policyholders	1,764	194	-63	-104
Other assets at fair value through profit or loss	81	114	0	-0
Total assets at fair value	**10,533**	**1,958**	**-299**	**-1,046**
Financial liabilities at fair value through profit or loss	**101**	**70**	**0**	**-1**
- Financial liabilities related to investment contracts issued by insurance companies	90	70	0	-1
- Derivatives	0	0	0	0
- Hedging derivatives	11	0	0	0
Other financial liabilities	0	0	0	0
Total liabilities at fair value	**101**	**70**	**0**	**-1**

Net unrealised gains and losses recognized in P&L	Net unrealised gains and losses recognized in OCI	Other changes	Carrying amount at the end of the period	Net impairment loss of the period recognised in P&L	Net realised gains of the period recognised in P&L
0	**119**	**-127**	**8,953**	**6**	**-37**
0	113	-145	1,150	5	-42
0	25	-16	584	0	8
0	-26	10	6,904	-1	-2
0	7	24	315	2	0
944	**0**	**-16**	**3,114**	**0**	**2**
0	0	-6	48	0	0
-1	0	-0	34	0	2
-1	0	-0	109	0	0
0	0	-0	0	0	0
0	0	0	0	0	0
947	0	53	2,792	0	-0
-1	0	-63	131	0	0
944	**119**	**-142**	**12,067**	**6**	**-35**
1	**0**	**-3**	**169**	**0**	**0**
1	0	-7	153	0	0
0	0	0	0	0	0
0	0	5	16	0	0
0	0	0	0	0	0
1	**0**	**-3**	**169**	**0**	**0**

The other changes related to equity classified in available for sale are mainly related to the exchange rate fluctuation of Russian ruble against euro.

41 INFORMATION ON FAIR VALUE HIERARCHY OF ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE

The table here below provides information on the fair value hierarchy for the main investment classes and financial liabilities.

Fair Value Hierarchy of assets and liabilities not measured at fair value

31/12/2020	Level 1	Level 2	Level 3	Total
Held to maturity investments	1,526	618	0	2,143
Loans	1,688	19,434	6,413	27,535
Debt securities	1,658	13,977	45	15,681
Other loans	29	5,457	6,368	11,854
Receivables from banks and customers	0	1,480	481	1,961
Investments in subsidiaries, associated companies and joint ventures	0	0	2,107	2,107
Land and buildings (investment properties)	0	0	24,660	24,660
Own used land and buildings	0	0	3,772	3,772
Total assets	**3,213**	**21,532**	**37,433**	**62,178**
Other liabilities	10,273	2,734	894	13,901
Subordinated liabilities	8,166	617	82	8,864
Senior debt	2,100	0	4	2,103
Other debt	8	2,118	808	2,934
Liabilities to banks and customers	0	10,675	5,248	15,923
Total liabilities	**10,273**	**13,409**	**6,142**	**29,824**

Fair Value Hierarchy of assets and liabilities not measured at fair value

31/12/2019	Level 1	Level 2	Level 3	Total
Held to maturity investments	1,634	726	0	2,360
Loans	2,601	20,783	6,898	30,282
Debt securities	2,598	14,929	55	17,582
Other loans	3	5,854	6,843	12,700
Receivables from banks and customers	0	1,238	605	1,843
Investments in subsidiaries, associated companies and joint ventures	0	0	1,365	1,365
Land and buildings (investment properties)	0	0	22,693	22,693
Own used land and buildings	0	0	3,742	3,742
Total assets	**4,234**	**22,748**	**35,303**	**62,286**
Other liabilities	12,335	2,012	816	15,164
Subordinated liabilities	8,937	0	70	9,007
Senior debt	3,388	65	7	3,459
Other debt	10	1,948	740	2,698
Liabilities to banks and customers	0	9,678	5,183	14,862
Total liabilities	**12,335**	**11,691**	**6,000**	**30,026**

- Held to maturity investments

The category includes primarily bonds, which valuation is above described. If the fair value cannot be reliably determined, the amortized cost is used as the best estimate for the determination of fair value.

- Loans

The category includes bonds, which valuation is described above, mortgages and other loans.

In particular, mortgages and other loans are valued on the basis of future payments of principal and interest discounted at the interest rates for similar investments by incorporating the expected future losses or alternatively discounting (with risk-free rate) to the probable future cash flows considering market or entity- specific data (i.e. probability of default). These assets are classified as level 2 or 3 depending on whether or not the inputs are corroborated by market data.

If the fair value cannot be reliably determined, the amortized cost is used as the best estimate for the determination of fair value.

- Receivables from banks or customers

Considering their nature, the amortized cost is generally considered a good approximation of fair value and therefore classified within level 3. If appropriate, they are valued at market value, considering observable inputs, and therefore classified within level 2.

- Land and buildings (investment and self-used properties)

These assets are mainly valuated on the basis of inputs of similar assets in active markets or of discounted cash flows of future income and expenses of the rental considered as part of the higher and best use by a market participant. Based on the analysis of inputs used for valuation, considering the limited cases where the inputs would be observable in active markets, the Group proceeded to classify the whole category at level 3.

In particular, the valuation takes into consideration not only the discounted net future income but also the peculiarities of the properties such as intended use and location as well as the entity of the vacancy rate.

The fair value of land and buildings (investment properties) is mainly based on external appraisals based on methods described above.

- Investments in subsidiaries, associated companies and joint ventures

The carrying amount, based on the share of equity for associates and interests in joint ventures or on cost adjusted for eventual impairment losses for non-consolidated subsidiaries, is used as a reasonable estimate of the related fair value and, therefore, these investments are classified in level 3.

- Subordinated debts, loans and bonds and liabilities to banks and customers

Generally, if available and if the market is defined as active, fair value is equal to the market price.

The fair value is determined primarily on the basis of the income approach using discounting techniques. In particular, the fair value of debt instruments issued by the Group are valued using discounted cash flow models based on the current marginal rates of the Group financing for similar types of instruments, with maturities consistent with the residual maturity of the debt instruments subject to valuation. If measured at amortized cost as an approximation of fair value, they are classified in Level 3.

ADDITIONAL INFORMATION

42 DISCLOSURE REGARDING THE DEFERRED APPLICATION OF IFRS 9 – FINANCIAL INSTRUMENTS

The Group adopted the temporary exemption from the application of IFRS 9, as provided for in the amendment to IFRS 4 - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts. The Group qualifies for temporary exemption from application of IFRS 9.

As required by IFRS 4, the assessment of the applicability of the temporary exception from the application of IFRS 9 has been done as at 31 December 2015, and the conclusions are disclosed below.

The assessment, as required by the standard, consists of the statement that the activities carried out by the issuer are in fact preponderantly insurance activities or related to insurance activities, assessing the ratio of the related insurance liabilities on the total liabilities of the Group.

The carrying amount of liabilities for insurance operations (€ 443 billion) was in fact higher than 90% of the carrying amount of total liabilities (€ 476 billion) as of 31 December 2015 (application period required by the principle).

In addition, the liabilities linked to insurance activities not included in the scope of IFRS 4 are listed below:

- non-derivative liabilities linked to investment contracts measured at fair value through profit and loss, for which IAS 39 applies (€ 22 billion);
- subordinated liabilities that qualify as own funds pursuant to the Solvency II regulations (€ 9 billion);
- liabilities arising from defined benefit plans of Group companies operating in the Life and P&C segments (€ 4 billion);
- tax liabilities related to insurance operations (€ 4 billion).

The other liabilities, not related to insurance operations, consist mainly of liabilities to banks and bank customers

The information required by the amendment to IFRS 4 for financial instruments as at 31 December 2019 is provided below.

Change in the fair value of financial instruments included in the scope of application of IFRS 9 with the details of financial instruments that give rise to specific dates for cash flows that consist exclusively of payment of principal and interest.

Change in fair value of financial instruments in scope of IFRS 9

(€ million)	31/12/2020	Fair value change from 31 December 2019
Financial assets managed on fair value basis and held for trading*	**105,447**	**-**
Equities	75	-
Investment funds	13,846	-
Derivatives	1,197	-
Investments back to policies where the risk is borne by the policyholders and pension funds**	84,914	-
Other financial instruments managed on fair value basis	5,415	-
Available for sale financial assets (AFS), held to maturity and loans and receivables* **	**368,298**	**9,134**
'Financial assets that give rise on specified dates to cash flows that are solely payments of principal and interest	311,910	10,377
Bonds	298,375	10,341
Loans and other debt instruments	11,504	36
Receivables from banks and customers	1,961	0
Other investments	69	0
Financial assets that do not give rise on specified dates to cash flows that are solely payments of principal and interest****	56,389	-1,243
Equities	7,891	-1,337
Investment funds	37,128	142
Bonds	8,607	-108
Loans and other debt instruments	4	0
Receivables from banks and customers	0	0
Other financial instruments that do not give rise on specified dates to cash flows that are solely payments of principal and interest	2,759	60

*,** The fair value change of financial assets measured at fair value through profit or loss is provided in the relative section in the notes.

*** Policy loans, reinsurance deposits and leasehold assets are excluded from the scope of SPPI test because in the scope respectively of insurance contracts and leases. Other receivables have been currently excluded from the scope of instruments subject to the standard, still to be defined. However, the Group use the reasonable assumption that other receivables pass the SPPI, taking into account basic loan features of these financial instruments.

**** These assets would be measured as at fair value through profit or loss if IFRS 9 was applied.

The following disclosure is provided on the credit risk of the financial instruments that give rise to specific dates for cash flows consisting exclusively of principal and interest payments; specifically, the carrying amount in accordance with IAS 39 for rating classes of financial instruments that give rise to specific dates for cash flows consisting of exclusively of payment of principal and interest..

Carrying amount by risk rating grade of bonds that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

(€ million)	Carrying amount* (IAS 39)
AAA	18,191
AA	69,961
A	65,087
BBB	127,875
Non-investment grade	7,493
Not Rated	7,755
Total	**296,363**

*pre-impairment

The carrying amount of bonds that do not have low credit risk, considered as exposure with a rating lower than investment grade, is € 15,248 million and fair value of € 15,402 million.

In addition to the bonds presented in the table above, financial assets that envisage cash flows represented solely by principal and interest payments also include mortgages and other loans, term deposits, repurchase agreements (reverse REPO) and receivables from banks and bank customers.

The loan portfolio consists mainly of mortgages with low credit risk (analogous to investment grade); largely guaranteed by collateral, mainly real estate, and primarily managed by Group banks. Furthermore, the credit risk management process includes a careful assessment of the customer's credit rating, whether an individual or corporation.

The counterparty for term deposits is generally assessed by using the highest available rating, where possible, and considering minimum rating requirements, in particular, BBB for Group companies in countries classified as investment grade, or similar to the sovereign debt rating in countries that have a rating below investment grade.

Repurchase agreements are mainly with bank counterparties with high credit ratings.

APPLICATION OF IFRS 9 BY GROUP COMPANIES FOR THEIR SEPARATE FINANCIAL STATEMENTS

There are no material associated companies or joint ventures that apply IFRS 9.

The main Subsidiaries that have applied IFRS 9 are banking, investment management and asset management companies. Information on their investments and the procedures for applying IFRS 9 are included in their published financial statements.

43 INFORMATION ON EMPLOYEES

Employees

	31/12/2020	31/12/2019
Managers	1,938	1,878
Employees	53,425	52,969
Sales attendant	16,913	16,830
Others	368	259
Total	**72,644**	**71,936**

The number of employees increased due to the acquisitions occurred in 2020 thanks in particular to the strengthening of the Group presence in Portugal through Seguradoras Unidas and Advance Care.

44 PROVISIONS FOR DEFINED BENEFIT PLANS

The pension benefits of Generali Group's employees are mainly in the form of defined benefit plans and defined contribution plans.

As for defined benefit plans, participants are granted a defined pension benefit either by the employers or via external entities.

The main defined benefits plans are concentrated in Germany, Austria and Switzerland, while in Italy the provision for Trattamento di fine rapporto (employee severance pay) matured until 1 January 2007 is included in the provisions for defined benefit plan for € 85 million.

The table below shows the movements in the defined benefit plans liability which occurred during the financial year, net of assets legally separate and held solely to pay or fund employee benefits:

Net defined benefit plans liabilities: movements

(€ million)	31/12/2020	31/12/2019
Net liability as at 31 December previous year	**4,309**	**3,722**
Foreign currency translation effects	-0	5
Net expense recognised in the income statement	104	131
Re-measurements recognised in Other Comprehensive Income	261	577
Contributions and benefits paid	-186	-177
Changes in consolidation scope and other changes	6	51
Net liability as at 31 December current year	**4,494**	**4,309**

Part of the Group's defined benefit plans have assets that are designated, but not legally segregated, to meet the pension defined benefit obligations. These are investments backing insurance provisions or policies issued by Generali Group companies, or other investments owned by the Group entities. Consequently, in accordance with IAS 19, these investments are not recognised as plan assets and so cannot be deducted from the defined benefit obligations. However, to assess the net liability for defined benefit plans, these assets should have been netted against the present value of the related pension obligations.

In Germany and Austria, where is allocated approximately 90% of the present net value of defined benefit obligations, the pension guarantee associations, for yearly contributions to be paid by the companies, are liable for the fulfilment of the pension commitments granted in case of company insolvency.

The net defined benefit plans expense of the year recognised in the profit or loss account is represented as follows:

Net defined benefit plans expenses recognised in profit or loss

(€ million)	31/12/2020	31/12/2019
Current service cost	68	65
Net interest	42	69
Past service cost	-6	-4
Losses (gains) on settlements	0	0
Net expense recognised in the income statement	**104**	**131**

The re-measurement of liabilities related to defined benefit plans and plan assets, recognised in Other comprehensive income are detailed as follows:

Re-measurements recognised in Other Comprehensive Income

(€ million)	31/12/2020	31/12/2019
Actuarial gains (losses) from change in financial assumptions	-295	-610
Actuarial gains (losses) from change in demographical assumptions	5	-4
Actuarial gains (losses) from experience	11	-13
Return on plan assets (other than interest)	18	50
Re-measurements recognised in Other Comprehensive Income	**-261**	**-577**

In comparison with the previous year, a minimal decrease in the reference rates at the end of year, in application of IAS 19 for the determination of the discount rate applicable to the valuation of these liabilities, leads to lower actuarial losses and the consequent increase of liabilities under evaluation.

The amounts reported are gross of deferred taxes and deferred policyholders' liabilities, where applicable.

The table below shows the movements in the defined benefit obligation during the financial year and the current value of the plan assets:

Present value of defined benefit obligation: movements

(€ million)	31/12/2020	31/12/2019
Defined benefit obligation as at 31 December previous year	**5,485**	**4,808**
Foreign currency translation effects	-4	36
Current Service cost	68	65
Past service cost	-6	-4
Interest expense	49	85
Actuarial losses (gains)	280	627
Losses (gains) on settlements	0	0
Contribution by plan participants	11	11
Benefits paid	-222	-213
Changes in consolidation scope and other variation	3	69
Defined benefit obligation as at 31 December current year	**5,664**	**5,485**

Current value of plan assets: movements

(€ million)	31/12/2020	31/12/2019
Defined benefit obligation as at 31 December previous year	**1,176**	**1,086**
Foreign currency translation effects	-4	30
Interest income	7	16
Return on plan assets (other than interest)	18	50
Gains (losses) on settlements	0	0
Employer contribution	27	26
Contribution by plan participants	11	11
Benefits paid	-63	-62
Changes in consolidation scope and other changes	-2	18
Fair value of plan assets as at 31 December	**1,171**	**1,176**

The defined benefit plans' weighted-average asset allocation by asset category is as follows

Defined benefit plans: asset allocation

(%)	31/12/2020	31/12/2019
Bonds	48.1	42.8
Equities	17.8	16.8
Real estate	14.2	14.8
Investment fund units	4.9	9.4
Insurance policies issued by non-Group insurers	2.4	2.4
Other investments	12.7	13.8
Total	**100.0**	**100.0**

The assumptions used in the actuarial calculation of the defined benefit obligations and the related periodic pension cost are based on the best estimates of each companies granting defined benefit plans. The main weighted-average hypotheses considered for the value definition of defined benefits plans obligations are summarized in the following table, for the main operating areas:

Assumptions for actuarial calculation of defined benefit plans

(%)	Eurozone		Switzerland		United Kingdom	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Discount rate for evaluation at reporting date	0,5	1,0	0,1	0,1	1,3	2,1
Rate of salary increase	2,8	2,8	1,2	1,2	n.a.	n.a.
Rate of pension increase	2,0	2,0	0,0	0,0	2,9	2,9

The average duration of the obligation for defined benefit plans is 15 years as at 31 December 2020 (15 years at 31 December 2019).
A sensitivity analysis was carried out showing how the defined benefit obligation would have been affected by changes in the discount rate and the most relevant actuarial assumptions on these liabilities:

Defined benefit plans: sensitivity

(€ million) Assumptions	Discount rate for evaluation at reporting date		Rate of salary increase		Rate of pension increase
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase
Impact on defined benefit obligation	-378	423	33	-29	212

To provide an indication of the effect of the defined benefit plans on the future cash flows of the Group, the future expected payments, divided by bands of maturity, are presented below:

Defined benefit plans: expected payments

(€ million)	31/12/2020	31/12/2019
Within the next 12 months	237	241
Between 2 and 5 years	957	982
Between 5 and 10 years	1,198	1,253
Beyond 10 years	4,450	4,884
Total	**6,842**	**7,359**

45 SHARE-BASED COMPENSATION PLANS

At 31 December 2020, different incentive plans based on equity instruments granted by the Parent Company and other Group companies are outstanding.

45.1 Shared-based compensation plans granted by the Parent Company

Long-Term Incentives (LTI) represent the long-term variable remuneration of Generali, which takes the form of multi-year plans, approved from time to time by the competent bodies and may be addressed to directors, managers with strategic responsibilities and other Generali employees; they may be based on cash disbursements or financial instruments.
The plan LTI 2017 has fully accrued its relevant cost component in the first half of the year, coming to a close with the equity instruments assignment upon verification of the Group's performance levels in terms of Operating ROE and relative TSR.
The LTI plans 2018 and 2019, currently in progress, may result in shares' granting respectively in 2021 and 2022, subject to the Group performance level (determined by the comparison of ranges of Operating ROE, Net ROE, EPS growth and relative TSR) and the overcoming of the minimum level, where requested in terms of Regulatory Solvency Ratio.
Further details are given in the information reports approved at the time by the Shareholders' Meeting and published on the Generali Group website,

as well as in the Remuneration Report annually published.

A new long-term incentive plan based on Assicurazioni Generali S.p.A. shares – Group Long Term Incentive (LTI) 2020 - has been submitted for the approval of the Shareholders' Meeting.

In line with market practices and investor expectations, shares are assigned and made available to beneficiaries over a deferred long-term time span, subject to the achievement of Group's performance conditions (Net Holding Cash Flow and relative TSR) and the achievement of a minimum level of Regulatory Solvency Ratio, as the only access threshold, as detailed below.

The Plan is based on the following essential aspects:

- the incentive connected with the achievement of the targets is paid through the grant of Assicurazioni Generali S.p.A. ordinary shares.;
- the right to receive the shares is subject to an entry threshold, defined annually by the Board of Directors and which represents a condition precedent;
- the targets to which payment of the incentive is subject are Group financial ones and are defined at the beginning of the performance period and kept consistent with the strategic long-term plans of the group.

The maximum number of shares that can be assigned is determined at the start of the plan. The maximum potential bonus to be disbursed in shares equals to 175% of the gross fixed remuneration of the Global Leadership Group (GLG) members (or a different percentage considering the role of the beneficiary); therefore, the maximum number of shares that can be assigned is the result of the ratio of the maximum bonus and the share value, with the latter calculated as the average price of the share in the three months prior to the meeting of the Board of Directors called to resolve on the draft statutory financial statements of the Parent Company and the consolidated financial statements for the year prior to that when the Plan is started.

With reference to methods and time frame for granting the shares, they are differentiated by:

- the Managing Director/Group CEO and the members of the Group Management Committee:
  - at the end of the three-year performance period, 50% of the shares accrued on the basis of the targets met will be granted; 25% are immediately available (to allow the beneficiaries to bear the tax charges connected with the grant), while the remaining 25% are subject to a one-year lock-up period;
  - the remaining 50% of the accrued shares is subject to another two years of deferral, during which the accrued amount may become zero if the Regulatory Solvency Ratio threshold level established by the plan is not met, or if a malus provided for by the plan regulation should occur. After having check that the aforesaid threshold level has been reached and that there is no malus, and provided that on that date the beneficiary has a relationship with the Company (or with other Group companies), the remaining 50% of the shares accrued are granted; 25% are immediately available (to allow the beneficiaries to bear the tax charges connected with the grant), while the remaining 25% are subject to a one year lock-up period;
- the remaining key employees, GLG, Directors and talents:
  - at the end of the three-year performance period, 100% of the shares accrued will be granted, of which 50% are immediately available (to allow the beneficiaries to bear the tax charges connected with the grant), while the remaining 50% are subject to a two-year lock-up period.

The performance level is expressed as a percentage of the level of Net average ROE, EPS Growth and relevant TSR reached, and it is determined with reference to two independent baskets. The final results in each basket are calculated using a linear interpolation approach.

During each year of the plan and at the end of the three-year performance period, the Board of Directors evaluates the degree to which access threshold has been achieved, defined in terms of Regulatory Solvency Ratio equal to 130% - the limit set considering the hard limit level defined in the Group Risk Appetite Framework - or an alternative percentage as may be chosen from time to time by the Board of Directors. This evaluation is a malus mechanism based on which the number of shares to grant definitively may be reduced or set at zero by the Board of Directors should the Regulatory Solvency Ratio be lower than the set threshold. The Board of Directors is also entitled to set a reduced number of shares to grant definitively should the Regulatory Solvency Ratio be lower than the soft limit level established by the Risk Appetite Framework, that is 150% - but in any case, higher than 130%.

In any case, no incentive will be paid in the event of a significant worsening of the capital and financial situation of Generali. Any amount disbursed will be subject to claw-back if the performance considered should later be found to be non-lasting or ineffective as a result of willful misconduct or gross negligence.

In line with what has already been established for the existing plans, the 2020 Plan has a dividend equivalent mechanism on the basis of the dividends distributed during the performance period. In particular, should the shareholders' meeting resolve upon the distribution of dividends in favour of the shareholders during the three-year reference period, at the expiry of such three-year reference period, an additional number of shares determined in relation to the overall dividends distributed during the three-year reference period will be assigned in favour of the beneficiaries. The additional number of shares thus determined shall be assigned simultaneously and in relation with the other shares assigned in favour of each beneficiary, subject to the same restrictions (holding period) and determined considering the shares' value at the assignment of the plan, to be calculated as the average price of the share in the three months prior to the meeting of the Board of Directors called to resolve on the draft statutory financial statements of the Parent Company and the consolidated financial statements for the year before that when the Plan is started.

The maximum number of shares that can be granted is 9,500,000, accounting for 0.6% of the current share capital.

In line with the previous plans, the 2020 LTI plan can be treated as an equity-settled share-based payment falling under IFRS 2 scope, which

provides a grant date measurement model seeking to capture the value of the contingent right to shares promised at grant date, to the extent that promises become an entitlement of the counterparty, rather than the value of any shares finally delivered.
The condition related to relative TSR configures as a market condition, other conditions mentioned above are considered whether as performance or as service condition.
The fair value of the right to receive free shares related to the market condition is estimated at grant date using a statistical model which estimates the statistically probable positioning of relative TSR of the Generali share compared to a peer group of selected companies.
The fair value of the bonus right linked to market condition is made by multiplying the forward price of assignable shares (taking into account the lock-up period set by the plan for the different beneficiary types) to the grant date with the pay-out ratio determined by applying the linear interpolation of the probable positions of TSR estimated using a statistical model. The linear interpolation method is applied to a range between the maximum pay-out, recognized in the case of the TSR positioning at the first place, and a pay-out zero in the case where the TSR is in the last position with respect to selected peer or has a negative value.
The estimated fair value of LTI 2020 plan at the grant date of the bonus right related to the performance level in terms of relative TSR is € 4.66 with reference to the members of the GLG category.
The related cost on the overall plan is obtained by multiplying the fair value mentioned above by the number of rights related to the market condition, to be assigned based on the satisfaction of the vesting condition. A similar calculation was applied to the bonus portion linked to Net Holding Cash Flow (NHCF), identifying the pay-out through the linear interpolation applied to the level of performance considered most probable. The range applied to the linear interpolation of NHCF is included between the maximum pay-out, granted in case of level equal to or greater than € 8.8 billion and a pay-out equal to 0 in case of a level equal or lower than € 7.2 billion. Finally, the cost related to the recognition of dividends paid during the three-year period (so called dividend equivalent) was estimated by applying an estimated dividend to the expected number of shares to be assigned under the plan, based on the degree of achievement assessed as above described. For additional information related to incentive plans refer to the 2020 Remuneration Report. The overall cost of the LTI plans 2017, 2018 and 2019, sum of the three components described above, is allocated over the period of maturity (vesting period) starting from the first financial year on which the performance levels are assessed, with a corresponding increase in equity.
At reporting date, there are still active the share Plan to the benefit of the Managing Director/Group CEO and share plan for Group employees (We SHARE).
The cost associated with all above-mentioned outstanding plans recognized during the period amounted to € 60 million. The maximum number of shares that can be granted in relation to mentioned plans is approximately 31 million.

45.2 Share-based compensation plans granted by the other Group companies

The main share-based payments granted by the other Group companies are detailed here below.

SHARE-BASED COMPENSATION PLANS GRANTED BY BANCA GENERALI

At the date of 31 December 2020 there are the following share-based compensation plans:

- the plans implemented regarding the Banca Generali Group remuneration and incentive policy in force at the time, based on which a portion of variable remuneration to key personnel must be paid through payments based on own financial instruments;
- the plans implemented as part of the 2017-2026 framework loyalty programme, approved by the Shareholders' Meeting of 20 April 2017, which had reached the fourth annual cycle 2019-2026 and contemplates payment of a portion of the indemnity accrued up to a maximum of 50% in own financial instruments;
- the new LTI (Long Term Incentive) plans for the top management of the banking group based on Banca Generali shares activated starting from financial year 2018.

Share-based payment plans linked to the variable portion of remuneration based on performance objectives

As part of the policy on remuneration and incentives in relation to key personnel of Banca Generali Group, adopted to comply with the Supervisory Provisions in force[2], it is established that a portion of the variable remuneration, both current and deferred, takes place through the allocation of financial instruments of Banca Generali based on the rules submitted to the approval of the Shareholders' Meeting of the Bank each year.
In particular for the key personnel, including the main network managers, the variable remuneration linked to short-term targets is paid out 25% in Banca Generali shares, subject to a retention period up to the end of the year when granted. If, however, the bonus accrued is higher than the Euro 75 thousand threshold, the following assignment and retention mechanism is applied:

- 60% of the bonus is paid out up front during the year following the one of reference for 75% in cash and 25% in Banca Generali shares, subject to a retention period up until the end of the year when granted;
- 20% of the bonus is paid out with a one-year deferral: for 75% in cash and 25% in Banca Generali shares, subject to a retention period up until the end of the year when granted[3];

2 Bank of Italy Circular no.285/2013 Supervisory provisions for banks - Part I Title IV Chapter 2 Remuneration and Incentive Policies and Practices.
3 No limits for exercising voting rights and for awarding property rights are contemplated during the retention period unless receiving dividends is not provided for.

- the remaining 20% of the bonus is paid out with a two-year deferral: for 75% in cash and 25% in Banca Generali shares, subject to a retention period up until the end of the year when granted.

The methodology applied for calculating the number of share due to the receivers considers:

- to the numerator, the amount of variable remuneration subject to payment in shares accrued in relation to the meeting of targets set for the year in question and,
- to the denominator, the average Banca Generali share price in the three months prior to the meeting of the Board of Directors when both the draft statutory and consolidated financial statements for the year before that when the cycle of reference begins are approved.

The payment in shares is made after the Board of Directors verifies the economic results of the relevant year and is therefore conditioned not only by the meeting of the set targets[4], but also by surpassing access gates of the Banking Group (TCR Total Capital Ratio, LCR Liquidity Coverage Ratio) relating to the year the remuneration accrues and the two years following the deferral, if necessary. The Remuneration Policies of the Banking Group for the year of reference, together with the authorization to purchase treasury shares to use for it are submitted each year to the Shareholders' Meeting that approves the financial statements of the previous year. Actual purchase of the treasury shares is also authorized by the Bank of Italy in advance.

Any other compensation paid in shares in connection with the following is also part of these categories of plans:

- ordinary sales incentives and programmes to hire financial consultants other than the main network managers and sales personnel with a contract of employment;
- agreements entered into in view or at the time of the early termination of employment or agency regarding beneficiaries falling under the classification of key personnel.

The methods for paying the variable remuneration, examined in the section above, take the shape of share-based payment transactions settled with own instruments representing capital (equity settled) for those falling under the sphere of application of IFRS 2 - Share-based payments. The accounting treatment for these transactions consists of recognizing the estimated cost of the services received in the most appropriate item of the financial statements (personnel expenses, commissions payable). This cost is determined based on the fair value of the assigned rights (stock option/stock grant), as a contra entry for an increase in equity by charging it to a specific provision.

Since the share-based payment agreements made in connection with the plans under review do not include an exercise price, they are comparable to free grants (stock grants) and are treated in compliance with the rules established for this type of transaction.

The total charge relating to these agreements is then calculated based on the number of shares estimated to be granted, multiplied by the fair value of the Banca Generali share at the grant date.

The fair value of the Banca Generali share at the grant date is measured based on the stock market price recorded on the date of the Shareholders' Meeting approving, each year, the Remuneration Policy for the current year, adjusted to take into account the estimate of expected dividends not received by the beneficiaries during the deferral period.

Recognition of the value of the plans determined in this manner in the equity is done pro-rata temporis based on the period of accrual of the vesting conditions, i.e. the period elapsing between the grand and the final accrual of the right to receive the shares, also taking into account the probability that the conditions for all recipients to exercise it do take place. Since the plans are usually broken down into multiple tranches with differentiated vesting periods, each of them is measured separately. Specifically, in the case shares are granted in three tranches, with the first amount up front (60%) following approval of the financial statements of the year of reference and two deferred annual amounts (40%), conditioned both by continuation in service and surpassing access gates established each year, the period for them to accrue (vesting period) is determined for the up-front amount from 1 January to 31 December of the year of reference of the remuneration (12 months) and for the two deferred amount extended further up until 31 December of the first year that follows (24 months) and of the second year that follows (36 months)[5].

The actual number of shares allocated to beneficiaries can in any case vary in relation to the verification of the effective achievement targets set at the individual level.

The IFRS2 charge relating to any beneficiaries belonging to banking group companies other than the parent company Banca Generali is recognised directly by these companies. Nevertheless, the Bank charges back an amount corresponding to the fair value of the plans in question at the time they are actually granted the repurchased treasury shares[6].

Three share-based payment cycles tied to the Remuneration Policies for the years 2018, 2019 and 2020 are active as at 31 December 2020, while the cycle relating to the year 2016 is basically depleted, of which only one ten-year hiring plan remains active.

The share-based payment plan linked to the 2018 Remuneration Policies, approved by the Shareholders' Meeting of 12 April 2018, has the following characteristics:

- The reference price of the Banca Generali share, for the purposes of determining the number of shares to be allocated, was determined as the average of the official quotations between 28 December 2017 and 1 March 2018, at € 28.57;
- The fair value of the Banca Generali share on the grant date of the shares was determined based on the market price recorded as at 20 April 2017, amounting to approximately € 27.0, later adjusted to take into account the loss of the dividends expected in the period of deferral.

Within this cycle, the shares to be allocated to key personnel totaled 138,375, of which 42,903 assigned to network managers, 80,254 relating to ordinary incentives and hiring bonuses paid to financial

4 Required by the Management by Objective (MBO) mechanism or by specific incentive/hire plans.
5 Starting from the year 2018 the IFRS2 charges relating to the ordinary incentives accrued by the financial consultants and linked to net inflow or new customer acquisition targets that may be paid out in shares are recorded along the broader 5-year time horizon. Furthermore, the disbursements in shares relating to several plans to hire financial consultants included in the key personnel can be covered by prior allocations to provisions for commission risks and charges only after the plan is concluded.
6 Particularly falling within this category are the bonuses in shares paid to the key personnel and, in some cases, to the managers of the subsidiary BGFML.

consultants considered key personnel owing to the commission volume accrued, 13,205 to employees and 1,417 relating to the subsidiary BG Fund Management Luxemburg S.A. (BGFML), for a total fair value of about € 3.2 million.

A transaction with a former Area Manager was also stipulated during 2019. Based on the current Remuneration Policy, this transaction involved paying a portion of the indemnity for the estimated amount of 2,957 Banca Generali shares.

The share-based payment plan linked to the 2019 Remuneration Policies, approved by the Shareholders' Meeting of 18 April 2019, has the following characteristics:

- the reference price of the Banca Generali share, for the purposes of determining the number of shares to be allocated, was determined as the average of the official quotations between 10 December 2018 and 8 March 2019, at € 20.25;
- The fair value of the Banca Generali share on the grant date of the shares was determined based on the market price recorded as at 18 April 2019, amounting to approximately € 24.23, later adjusted to take into account the loss of the dividends expected in the period of deferral.

Within this cycle, the shares to be allocated to key personnel totalled 216,133, of which 80,897 assigned to network managers, 106,802 relating to ordinary incentives and hiring bonuses paid to financial consultants considered key personnel owing to the commission volume accrued, 24,057 to employees and 5,097 relating to the subsidiary BGFML, for a total fair value of about € 4.7 million.

The share-based payment plan linked to the 2020 Remuneration Policies, approved by the Shareholders' Meeting of 23 April 2020, has the following characteristics:

- the reference price of the Banca Generali share, for the purposes of determining the number of shares to be allocated, was determined as the average of the official quotations between 9 December 2019 and 9 March 2020, at € 29.71;
- The fair value of the Banca Generali share on the grant date of the shares was determined based on the market price recorded as at 23 April 2020, amounting to approximately € 20.76, later adjusted to take into account the loss of the dividends expected in the period of deferral.

In relation to the assessment of the achievement by the key personnel of the objectives set for 2020 it is estimated that the share of variable compensation subject to payment of shares amounts to approximately 116 thousand shares, for a total fair value of the plan of € 2.3 million.

With reference to meeting the performance targets set out in the Remuneration Policy for 2017, 2018 and 2019, during the year 190,903 treasury shares were granted to executives and network managers, of which 27,772 relating to employees or former employees and 164,202 relating to area managers and financial consultants.

More specifically, the grants concerned, respectively, the first and second deferred tranche with one-year deferral (20%) relating to the years 2017 and 2018, the up-front portion (60%) relating to 2019 and, for a residual portion, prior plans with different deferral characteristics for former employees and financial consultants.

(€ thousand)	Date of General Shareholders' Meeting	Bank of Italy's authorisation	Price of allotment	Weighted average FV	Total shares accrued/in the process of accruing	Shares vested	Shares granted in 2019	Shares to be granted	Plan's Fair value (€ million)
Year 2016	21/04/2016	06/06/2016	25.28	23.20	17.9	4.7	2.1	11.1	0.4
Year 2017	20/04/2017	03/07/2017	23.73	22.53	156.2	150.0	28.2	3.8	3.5
Year 2018	12/04/2018	11/06/2018	28.57	23.54	141.7	14.,7	29.1	28.5	3.3
Year 2019	**18/04/2019**	**21/06/2019**	**20.25**	**21.73**	**216.1**	**17.1**	**130.9**	**85.2**	**4.7**
Year 2020	23/04/2020	16/07/2020	29.71	19.88	128.4	71.0	0.6	127.8	2.6
Total (*)					**607.6**	**384.5**	**190.9**	**256.4**	**14.5**

(*) including the retirement incentive agreements

2017-2026 FRAMEWORK SALES NETWORK LOYALTY PROGRAMME

The 2017-2026 Framework Sales Network Loyalty Programme was approved by the Board of Directors during its meeting on 21 March 2017 and was later ratified by the Shareholders' Meeting on 20 April 2017.

The Framework Loyalty Programme provides the possibility to activate 8 single annual plans with fixed expiration on 31 December 2026 and decreasing duration, subject to the annual authorization of the Banca Generali Shareholders' Meeting.

Payment of the indemnity accrued along the entire time span of the Programme will however be made at one single time, within 60 days from the Shareholders' Meeting called to approve the 2026 financial statements.

The payment of a portion of the accrued indemnity up to 50% at the most, partly in Banca Generali shares subject to the assessment of potential effects on the equity ratio and floating capital by the corporate bodies (Board of Directors and Shareholders' Meeting), can be allowed.

Participation in each of the plans included in the Programme is offered to the financial Consultants and Relationship Managers who have accrued at least 5 years of company seniority by 31 December of the corporate year before the one of reference of the single plans.

The following is necessary in order to be able to gain access to the benefits of the activated plans:

- reach a minimum volume of total AUM and qualified AUM growing over time and with non-negative net inflows (condition for accrual) by the end of the year of reference;
- be regularly in service and not having given advance notice as at the date of payment, except for the cases in which termination depends on causes of death or permanent disability, retirement or withdrawal from the relationship by Banca Generali not backed by just cause (service condition).

In the event of death, the accrued indemnities are considered definitively acquired by are subject to settlement with the heirs applying the same methods as those applied to the other beneficiaries.

Lastly, the accrued indemnity is proportionate to a rate of the verified AUM for every single plan and is differentiated based on the type of subject (Consultant/RM) and on seniority of service up to reaching a cap.

Recognition of the indemnity at the day of payment is also subordinate to surpassing banking group gates of access as defined in the Remuneration Policies in force at the time and with the rules of correctness.

The number of Banca Generali shares due is determined with the same methods established for the share-based payment plans linked to the Remuneration Policies, i.e. on the basis of the average Banca Generali share price in the three months prior to the meeting of the Board of Directors when both the draft statutory and consolidated financial statements for the year before the annual plan of reference.

Payment in shares of 50% of the accrued indemnity has been established for both of the annual plans activated up until now.

The value of the accrued indemnity was determined based on the AUM of the potential beneficiaries of the plans at the closing date of the year of reference, respectively, while the number of grantable financial instruments was determined based on the same value of reference of the Banca Generali share applied for the Remuneration Policies of the same years.

As a whole, the shares granted and under accrual to serve the three plans amount to approximately 970 thousand (873 thousand net of the estimated turnover) for a total value of € 11.2 million, of which 2.6 already recorded in the income statement.

(Thousands of shares)	Max no. of shares	No. of shares net estimated turnover	Fair value plan (million euros)
Plan 2017- 2026	208	187	2,5
Plan 2018- 2026	164	148	2,4
Plan 2019- 2026	338	305	3,9
Plan 2020- 2026	259	233	2,5
	970	**873**	**11,2**

LTI PLANS - LONG TERM INCENTIVES

From 2018, Banca Generali started, in each year, long-term incentive plans for the top management of the banking group, fully based on Banca Generali S.p.A. shares.

The new plans have characteristics similar to the corresponding plans activated every year by the parent company Assicurazioni Generali and based on the granting of its shares, but are even more aimed at pursing the goal of increasing the value of the Banca Generali shares by strengthening the bond between the remuneration of the beneficiaries and the performance of the banking group, although consistent with the expected results within the scope of the strategic plan of the insurance group.

It is for this reason that the new incentive plans provide for:

- The granting to beneficiaries of Banca Generali shares purchased on the market in place of shares of the parent company Assicurazioni Generali that it directly grants;
- Greater impact of the targets pertaining to the banking group, which weigh 80%.

The key characteristics of the plan are the following[7]:

- The maximum number of shares to grant is determined at the beginning of the period of reference based on a multiplier of the current remuneration of the beneficiaries[8] and is divided into three notional tranches that refer to each of the three years of duration of the plan;
- After verifying the surpassing of the access gates[9] of the banking group and insurance group, each year the Board of Directors of Banca Generali assesses the level of meeting the targets set at the beginning of the three-year period and determines the actual number of shares potentially due with reference to the specific tranche;
- At the end of the three-year period, having verified that the access gates have been surpassed, the entirety of the shares accrued for each of the three tranches is disbursed at a single time by free granting to the beneficiaries ordinary treasury shares repurchased on the market (stock granting), provided that the beneficiary is still employed by a banking group company (service condition);
- 50% of the granted shares are immediately available at the time of granting, while the remaining 50% is subject to an addition two-year lock-up period[10];
- The plan does not contemplate dividend equivalent mechanisms, in line with the regulations and with the most common practices in the banking market.

7 Additional information on the functioning of the LTI plans is found in the Remuneration Report, approved each year by the ordinary shareholders' meeting of Banca Generali, in Section 2 Remuneration and incentive policies of the banking group.
8 The maximum potential bonus to be disbursed in shares amounts to 175% of the gross annual remuneration of the plan's participants for the Top Management members, while it is 87.5% for the other beneficiaries.
9 As regards the access gates, the following is considered:
> two indicators representing specific access thresholds of the banking group connected with the Total Capital Ratio and the Liquidity Capital Ratio, to whose attainment the right to grant shares is subordinate (100%);
> an indicator representing an access threshold of the Generali Group connected with the Regulatory Solvency Ratio, to whose attainment the right to grant only the part of shares linked to meeting Generali Group targets is subordinate (20%).
10 Without prejudice to the Managing Director's right to retain an adequate number of granted shares until the end of the mandate in progress at the lock-up date.

- Usual malus and claw back clauses are also included.

The level of meeting the targets, expressed as a percentage, is determined separately for each basket, consisting of an indicator and of its relevant weight, using the methodology of linear interpolation compared to the levels of reference set at the beginning of the plan (minimum, target, maximum)[11].

The performance indicators defined for the plans activated up until now are shown below.

	Weight	Access gate	LTI 2018	LTI 2019	LTI 2020
KPI Banking Group	80%	Total Capital Ratio (TCR), Liquidity Coverage Ratio (LCR)	1.ROE, 2. EVA	1. tROE; 2. Recurring Net Profit; 3. EVA	1. tROE; 2. Adjusted EVA
KPI Insurance Group	20%	Regulatory Solvency Ratio	1. Operating ROE, 2. rTSR	1.Net ROE medio; 2. EPS growth	1. .Net Holding Cash Flow; 2. rTSR

The assessment of the number of shares due is made distinctly for each plan year and for each of the weighed baskets linked to the targets of the banking group and the insurance group.

As a whole, the shares granted and under accrual to serve the three plans amount to approximately 332 thousand for a total value of € 5.2 million, of which € 3.6 million already recorded in the income statement (€ 2.1 million in 2019).

SHARE-BASED COMPENSATION PLANS GRANTED BY GENERALI FRANCE

At the balance sheet date, there are the following share-based compensation plans granted by Generali France to the employees of Generali France Group: fourteen stock grant plans approved by the board on 21 December 2006, 20 December 2007, 4 December 2008, 10 December 2009, 9 December 2010, 14 March 2012, 25 June 2013, 7 March 2014, 6 March 2015, 9 March 2016, 9 March 2017, 1 March 2018, 7 March 2019 and 11 March 2020.

At 31 December 2020, the number of shares granted amounted to 6,945,455 preferred shares, of which 167 693 related to the plan granted for 175th anniversary of foundation of Parent Company.

With reference to the stock granting plans assigned by Generali France within the scope of IFRS 2, the charge recognized in the profit or loss amounted to € 9.4 million. The plans are considered as cash-settled, for which a liability is recorded on balance sheet equaling € 81.4 million.

46 CONTINGENT LIABILITIES, COMMITMENTS, GUARANTEES, PLEDGED ASSETS AND COLLATERAL

46.1 Contingent liabilities

In the course of the ordinary business, the Group may be involved in agreements or transactions which do not lead to the recognition of these commitments as assets and liabilities in the consolidated financial statements according to the IFRS definitions and requirements (contingent assets and liabilities). As at 31 December 2020 the estimate of the contingent liabilities results as of € 3 million, related to some disputes for which the probability of occurrence is not considered as remote, however not sufficiently material to recognise them as liabilities on the balance sheet.

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognized because:
  (i) it is not probable than an outflow of resources embodying economic benefits will be required to settle the obligation; or
  (ii) the amount of the obligation cannot be measured with sufficient reliability.

46.2 Commitments

Generali Group at 31 December 2020 held outstanding commitments for a total amount of € 11,043 million, related to potential commitments on investments, loans and other commitments.

Because part of these commitments may expire without being called, the amounts disclosed are not indicative of the actual liquidity needs arising from these commitments.

In particular, € 6,927 million represent commitments associated with alternative investments (private equity), mainly allocated in private equity funds which are consolidated line-by-line by the Group. Moreover, € 3,245 million refer to several investment opportunities and, in particular, to real estate investment funds and equities. The potential commitments to grant loans amount to € 356 million, mainly associated to liquidity or funding needs of the customers of the Group's banking operations.

Other commitments amounted totally to € 516 million and the main part refers to potential commitments of the German life companies towards a specific German entity founded in order to protect the local policyholders if the funds already available within the policyholders protection scheme are not sufficient to face the insolvency of one or more insurers.

11 In particular, a percentage of 175% is associated with the maximum performance level.

46.3 Guarantees

The Group's nominal exposure towards third parties amounts to € 292 million, of which € 160 million refer to guarantees provided in the context of the Group's real estate development and € 70 million to sureties normally granted as part of the Group's banking business.
Furthermore, the Group in the context of its business operations in some countries receives guarantees provided by third parties, mainly in the form of letters of credit.

46.4 Pledged assets and collaterals

As at 31 December 2020, as already mentioned in the paragraph Assets transferred that do not qualify for derecognition of the section Investments, the Group has pledged € 14,700 million of its asset sas collateral. In particular, € 1,781 million have been pledged to cover loans and bonds issued, mainly related to the Group's real estate activities, € 1,056 million to cover its reinsurance activities, € 1,386 million have been pledged in repurchase agreements (REPO) and € 9,219 million has been subject to securities lending operations. Residual part is related to collateral pledged in relation to transactions in derivatives and other operations.
Furthermore, the Group has received assets as collateral for € 7,215 million, in particular for transactions in bonds and loans for € 6,019, in Reverse REPO for € 481 million and € 609 million to cover Group reinsurers' obligations. Residual part is related to collateral pledged in relation to transactions in derivatives and other operations.

47 SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

On 11 June 2020, Generali reached a settlement agreement with BTG Pactual, which terminates the arbitration for the sale of BSI dispute.
The settlement agreement provides for the payment of an amount of CHF 245 million to BTG Pactual as indemnity and price adjustment, the termination of the arbitration and a waiver of mutual claims and compensation requests, without any admission of responsibility or wrongdoing. The net impact on Generali Group result for the 2020 is 195 CHF million, about € 183 million, taking into account pre-existing provisions to cover the legal costs.

48 LEASES

IFRS 16 - Leases replaces the requirements in IAS 17 - Leases. The new Standard provides presentation and disclosure requirements on leasing operations, involving in particular:

- the effects of first-time application of the new lease Standard, which are described in section Basis of presentation and accounting principles;
- ad hoc presentation and disclosure for lessees;
- ad hoc presentation and disclosure for lessors.

Main differences compared to previous IAS 17 requirements relate to presentation and disclosures related to Companies acting as lessees.
Here below details on lessees and lessors activities and related disclosures can be found.

48.1 Lessees

Group companies acting as lessees are mainly involved in real estate leases, mainly of offices, agencies and similar items, land leases, company cars leases and other assets leases.

RIGHT OF USE ASSETS

Right of use assets are not to presented separately from other assets in the balance sheet, they are allocated based on their nature within specific Balance sheet items.
Balance sheet items Land and buildings (self-used) and Other tangible assets are the ones impacted by the new IFRS 16 requirements.
In details, below the carrying amount of right-of-use assets at the end of the reporting period by class of underlying asset can be found.

Right of use assets by class of underlying assets subject to leasing

(€ million)	31/12/2020	31/12/2019
Land and buildings (self-used) subject to leasing	**454**	**529**
Properties used for own activities subject to leasing	402	474
Land and agricultural property subject to leasing	53	56
Other real right subject to leasing	0	0
Company cars subject to leasing	**30**	**27**
Other tangible assets subject to leasing	**22**	**17**
Intangible assets subject to leasing	**2**	**0**
Total right of use assets	**509**	**574**

Main changes incurred during the period are reported below by class of underlying items.

Land and buildings (self-used) subject to leasing

(€ million)	31/12/2020	31/12/2019
Carrying amount as at 31 December previous year (*)	529	562
Foreign currency translation effects	-8	4
Acquisition of the period	25	70
Changes in consolidation scope	28	3
Reclassifications	-0	0
Sales of the period	-1	-0
Depreciation of the period	-98	-87
Impairment loss of the period	0	0
Reversal of impairment of the period	0	0
Other changes	-21	-23
Carrying amount as at the end of the period	**454**	**529**

(*) The item must be understood, for the comparative period, as First Time Adoption of the new IFRS 16 standard.

Fair value of assets subject to leasing is supposed to be, besides for some rare cases, aligned to its carrying amount.

Tangible assets subject to leasing

(€ million)	31/12/2020	31/12/2019
Carrying amount as at 31 December previous year (*)	44	38
Foreign currency translation effects	-0	0
Acquisition of the period	6	26
Changes in consolidation scope	3	0
Sales of the period	-0	-0
Amortization of the period	-23	-22
Net impairment losses of the period	0	0
Other variations	22	2
Carrying amount as at the end of the period	**52**	**44**

(*) The item must be understood, for the comparative period, as First Time Adoption of the new IFRS 16 standard.

FOCUS ON IMPAIRMENT OF RIGHT OF USE ASSETS

Under IFRS 16, new right-of-use assets are subject to impairment requirements of IAS 36.
Similar to other assets, a right-of-use-asset is tested for impairment when impairment indicators exist.
In general, if impairment indicators exist, an entity must determine whether the right-of-use-asset can be tested on a stand-alone basis or whether it will have to be tested at a cash generating unit (CGU) level. This will depend on whether the right-of-use-asset generates largely independent cash inflows from other assets or groups of assets.
At Group level, based on facts and circumstances, it is considered that right-of-use-assets are not able to generate largely independent cash inflows and therefore they have been assessed for impairment at a CGU level rather than at an individual asset level.
In the majority of situations, CGUs to which right-of-use assets belong are the same ones used for impairment test of goodwill, as described in specific chapter, established in accordance with the Group's participation structure and considering the IFRS 8 requirements relating to operating segments. Therefore, the impairment test has been performed at that level, and according to Group methodology already in place for impairment test of goodwill.
In this context, the carrying amount of a CGU is calculated considering right of use assets and lease liabilities belonging to that unit, if any, and therefore they are tested for impairment.
If the recoverable amount of the CGU is less than its carrying amount, carrying amount of goodwill represents the first asset to be reduced. Then, impairment loss is allocated to other assets of the CGU pro rata based on the carrying amount of each asset in the unit to which the specific right of use asset belongs.
For additional information on impairment test of goodwill please refer to section Goodwill.

LEASE LIABILITIES

Lease liabilities as at 31th December 2020 amounted to € 592 million, while total cash outflows of the period amounted to € 120 million.
Lease liabilities are included in item Other financial liabilities on the Balance sheet.
Here below a maturity analysis of undiscounted lease payments can be found.

Maturity analysis of undiscounted lease liabilities

(€ million)	31/12/2020	31/12/2019
Maturity less than one year	116	118
Maturity between 1 and 2 years	98	110
Maturity between 2 and 3 years	86	94
Maturity between 3 and 4 years	72	78
Maturity between 4 and 5 years	49	66
Maturity more than 5 years	425	518
Total undiscounted lease liabilities	**847**	**984**

Amount of undiscounted lease payments as at 31 December 2020 with maturity of more than 5 years includes, among others, a peculiar lease contract with a duration of almost 200 years. Short-term leases to which Group lessees are committed and exposed in the next reporting year amounted to € 4 million.

EXPENSES FOR LESSEES

Main impacts on expenses for lessees are reported below

Expenses related to lease contracts

(€ million)	31/12/2020	31/12/2019
Interest expenses for lease payments (*)	13	14
Depreciation of properties used for own activities subject to leasing	98	87
Depreciation of tangible assets subject to leasing	9	9
Depreciation of company cars subject to leasing	15	13
Amortisation of intangible assets subject to leasing	2	0
Impairment and other expenses from assets subject to leasing	3	3
Expenses for leases of low value assets	1	1
Expenses for short term leases	18	20
Total expenses from lease contracts	**157**	**146**

(*) In this item is also included income arising from leases with negative yields.

Income from sub-leasing right-of use assets was not material for the period since it is not Group practice to undertake this kind of business. There have been no sale and leaseback transactions during the period.

48.2 Lessors

OPERATING LEASES

Group companies act also as lessors, mainly related to real estate rentals through operating leases. The majority of investment properties are consequently leased out for different uses. Group presents underlying assets subject to operating leases according to the nature of the underlying asset. Please refer to section Investments for additional information on investment properties. Income from operating leases has been allocated according to the nature of the underlying item rented. Please refer to section Income from other financial instruments and land and buildings (investment properties) for additional information. Income from variable lease payments that do not depend on an index or a rate amounted are not material.

FINANCIAL LEASES

There are limited activities related to automobile/vehicle leasing solutions provided by a Group financial lessor to the private and business sector.

49 OTHER INFORMATION

With reference to the transparency of public funds legislation introduced by art. 1 of Law 124/2017, paragraphs 125, 125-bis and following, as modified by art. 35 of Legislative Decree 34/2019, converted into Law 58/2019 (so-called Decreto Crescita), during the 2020 financial year, Generali Group received public funds mainly related to training activities which are reported in the Registro Nazionale degli Aiuti di Stato pursuant to art. 52 of Law 234/2012 and subsequent amendments and additions, to which reference is made in the specific Transparency section, pursuant to art. 1, paragraph 125-quinquies of the aforementioned Law 124/2017.

50 AUDIT AND OTHER SERVICE FEES FOR THE FISCAL YEAR

In the table below, drawn up pursuant to the article 149-duodecies of Consob Regulation, are reported the 2020 fees for auditing and other services to Parent company's audit and companies within audit company's network.

Audit and other service fees

(€ thousands)	E&Y Italy	E&Y Network
	31/12/2020	31/12/2020
Parent Company	**13,355**	**352**
Audit fee	1,460	334
Attestation service fees	5,040	18
Other services	6,855	0
Subsidiaries	**7,124**	**24,276**
Audit fee	3,479	17,385
Attestation service fees	3,300	5,177
Other service fees	345	1,714
Total	**20,479**	**24,629**

51 INFORMATION ABOUT COVID-19

With reference to the impacts of Covid-19 please refer to the Management Report, Group's performance section, *Disclosure on the quantitative impacts of Covid-19 on the Group* chapter at page 70, for the estimation methodology and the quantitative impacts. In the *Challenges and opportunities of the market context section*, *Pandemics and extreme events* part at page 21, we described the related risks and opportunities and how they are managed by the Group.

APPENDICES TO THE NOTES

Tangible and intangible assets

Appendix 3

(€ million)	At cost	At revalued amount or at fair value	Total
Land and buildings (investment properties)	15,124		15,124
Land and buildings (self used)	2,764		2,764
Other tangible assets	1,040		1,040
Other intangible assets	2,075		2,075

Amounts ceded to reinsurers from insurance provisions

Appendix 4

(€ million)	Direct insurance		Accepted reinsurance		Total book value	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Non-life amounts ceded to reinsurers from insurance provisions (*)	**1,713**	**1,820**	**851**	**773**	**2,565**	**2,593**
Provisions for unearned premiums	207	206	91	94	298	300
Provisions for outstanding claims	1,505	1,611	760	679	2,265	2,290
Other insurance provisions	1	3			2	3
Life amounts ceded to reinsurers from insurance provisions (*)	**1,058**	**1,073**	**1,484**	**715**	**2,542**	**1,789**
Provisions for outstanding claims	555	245	749	371	1,304	616
Mathematical provisions	411	749	670	341	1,081	1,090
Provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	43	44			43	44
Other insurance provisions	50	35	65	4	115	39
Total	**2,772**	**2,893**	**2,335**	**1,489**	**5,107**	**4,382**

(*) After the elimination of intra-group transactions between segments.

Financial assets

Appendix 5

(€ million)	Held to maturity investments		Loans and receivables		Available for sale financial assets		Financial assets at fair value through profit or loss				Total book value	
							Financial assets held for trading		Financial assets designated as at fair value through profit or loss			
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Equities at cost					20	16					20	16
Equities at fair value					7,872	13,399			3,896	3,021	11,768	16,420
of which quoted equities					6,063	11,412			2,731	2,066	8,794	13,478
Bonds	1,983	2,243	13,051	15,129	289,158	270,632	3	19	9,381	7,805	313,575	295,828
of which quoted bonds	1,983	2,243			285,988	268,376	2	18	8,444	6,744	296,417	277,381
Investment fund units					37,128	32,519		1	87,896	81,751	125,023	114,271
Loans and receivables from customers			1,754	1,588							1,754	1,588
Loans and receivables from banks			206	254							206	254
Deposits under reinsurance business accepted			3,278	2,076							3,278	2,076
Deposit components of reinsurance contracts												
Other loans and receivables			12,567	13,238							12,567	13,238
Derivatives							1,197	1,294	209	56	1,406	1,350
Hedging derivatives (*)									1,549	813	1,549	813
Other financial investments					2,828	1,629			1,318	914	4,146	2,542
Total	**1,983**	**2,243**	**30,856**	**32,285**	**337,005**	**318,195**	**1,200**	**1,313**	**104,248**	**94,359**	**475,292**	**448,396**

(*) In accordance with Regolamento n° 7 of 13 July 2007 hedging derivatives are only derivatives for which hedge accounting is applied.

Assets and liabilities related to policies where the investment risk is borne by policyholders and to pensions funds

Appendix 6

(€ million)	Policies where the investment risk is borne by the policyholders		Pension funds		Total	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Assets	81,248	76,583	3,665	1,892	84,914	78,475
Intra-group assets (*)						
Total	**81,248**	**76,583**	**3,665**	**1,892**	**84,914**	**78,475**
Financial liabilities	1,675	1,676	3,606	1,856	5,281	3,532
Insurance provisions (**)	80,315	75,351	13	12	80,328	75,363
Intra-group liabilities (*)						
Total	**81,989**	**77,027**	**3,620**	**1,869**	**85,609**	**78,896**

(*) Intra-group assets and liabilities refer to assets and liabilities which are eliminated in the consolidation process.

(**) Insurance provisions are net of amounts ceded to reinsurers from insurance provisions..

Insurance provisions

Appendix 7

(€ million)	Direct insurance		Accepted reinsurance		Total book value	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Non-life insurance provisions (*)	**31,463**	**30,179**	**1,537**	**1,473**	**33,000**	**31,652**
Provisions for unearned premiums	5,933	5,261	205	196	6,138	5,457
Provisions for outstanding claims	25,202	24,651	1,326	1,272	26,528	25,924
Other insurance provisions	329	266	6	6	335	272
of which provisions for liability adequacy test						
Life insurance provisions (*)	**404,317**	**384,128**	**5,013**	**3,432**	**409,330**	**387,560**
Provisions for outstanding claims	5,981	5,465	2,320	1,401	8,301	6,867
Mathematical provisions	259,437	253,870	2,449	1,900	261,886	255,769
Provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	80,365	75,402	5	5	80,370	75,407
Other insurance provisions	58,534	49,391	238	126	58,772	49,517
of which provisions for liability adequacy test	1,062	893	5	5	1,067	898
of which deferred policyholder liabilities	33,833	26,254			33,833	26,254
Total provisions	**435,780**	**414,307**	**6,550**	**4,905**	**442,330**	**419,213**

(*) After the elimination of intra-group transactions between segments.

Financial liabilities

Appendix 8

(€ million)	Financial liabilities at fair value through profit or loss				Other financial liabilities		Total book value	
	Financial liabilities held for trading		Financial liabilities designated as at fair value through profit or loss					
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Preference shares								
Subordinated liabilities					7,681	7,717	7,681	7,717
Financial liabilities related to investment contracts issued by insurance companies			5,435	3,662	6,386	6,205	11,822	9,867
where the investment risk is borne by the policyholders			1,675	1,676			1,675	1,676
pension funds			3,606	1,856			3,606	1,856
other liabilities related to investment contracts			154	130	6,386	6,205	6,541	6,335
Deposits received from reinsurers					1,629	705	1,629	705
Deposit components of insurance contract								
Bonds					1,738	3,052	1,738	3,052
Liabilities to customers					15,430	14,830	15,430	14,830
Liabilities to banks					494	31	494	31
Other loans					3,511	3,380	3,511	3,380
Derivatives	799	838					799	838
Hedging derivatives (*)			925	445			925	445
Other financial liabilities			39	37			39	37
Total	**799**	**838**	**6,399**	**4,145**	**36,871**	**35,921**	**44,068**	**40,904**

(*) In accordance with Regolamento n° 7 of 13 July 2007 hedging derivatives are only derivatives for which hedge accounting is applied.

Technical insurance items

Appendix 9

(€ million)	31/12/2020			31/12/2019		
	Gross amount	Reinsurers' share	Net amount	Gross amount	Reinsurers' share	Net amount
NON-LIFE SEGMENT						
NET EARNED PREMIUMS	22,175	-1,289	20,886	21,486	-1,145	20,341
a Premiums written	22,211	-1,323	20,888	21,575	-1,189	20,386
b Change in the provisions for unearned premiums	-36	34	-2	-89	44	-45
NET INSURANCE BENEFITS AND CLAIMS	-13,409	665	-12,744	-13,644	571	-13,073
a Claims paid	-13,468	696	-12,772	-13,990	646	-13,344
b Change in the provisions for outstanding claims	162	-36	126	439	-61	378
c Change in claims to be recovered	15	6	20	13	-15	-2
d Change in other insurance provisions	-117	-1	-118	-106	1	-105
LIFE SEGMENT						
NET PREMIUMS	45,218	-1,637	43,582	46,651	-753	45,898
NET INSURANCE BENEFITS AND CLAIMS	-48,647	1,380	-47,267	-58,677	688	-57,989
a Claims paid	-33,343		-33,344	-33,722	630	-33,092
b Change in the provisions for outstanding claims	-1,522	715	-807	-174	-1	-176
c Change in the mathematical provisions	-6,985	588	-6,397	-11,361	58	-11,302
d Change in the provisions for policies where the investment risk is borne by the policyholders and the provisions for pension funds	-5,175	1	-5,174	-11,852		-11,852
e Change in other insurance provisions	-1,621	76	-1,545	-1,568	1	-1,567

Income and expenses from investments, receivables and payables

Appendix 10

(€ million)	Interests	Other income	Other expenses	Realized gains	Realized losses	Total realized gains and losses	Unrealized gains and reversal of impairment losses		Unrealized losses and impairment losses		Total unrealized gains and losses	Total income and expenses 31/12/2020	Total income and expenses 31/12/2019
							Unrealized gains	Reversal of impairment losses	Unrealized losses	Impairment losses			
Income and expenses from investments	**8,063**	**2,877**	**-411**	**4,378**	**-2,765**	**12,143**	**10,450**	**71**	**-8,632**	**-1,251**	**638**	**12,780**	**22,213**
a from land and buildings (investment properties)		909	-411	79	-7	570		17		-118	-101	469	685
b from investments in subsidiaries, associated companies and joint ventures		108		35	-2	140		1		-100	-99	42	88
c from held to maturity investments	142					143		20			20	162	137
d from loans and receivables	984			7	-6	986		34		-148	-113	873	985
e from available for sale financial assets	6,536	1,549		3,292	-1,344	10,032				-886	-886	9,146	9,656
f from financial assets held for trading	38			212	-67	183	459		-441		18	201	95
g from financial assets designated as at fair value through profit or loss	363	312		753	-1,339	88	9,991		-8,191		1,799	1,887	10,567
Income and expenses from receivables	**10**				**-6**	**3**		**59**		**-29**	**30**	**33**	**60**
Income and expenses from cash and cash equivalents	**41**					**41**						**41**	**49**
Income and expenses from financial liabilities	**-1,067**			**30**	**-166**	**-1,203**	**444**		**-484**		**-40**	**-1,243**	**-1,756**
a from financial liabilities held for trading	-15			27	-69	-57	444		-483		-38	-95	-444
b from financial liabilities designated as at fair value through profit or loss	-214			3	-3	-214			-2		-2	-216	-41
c from other financial liabilities	-837				-95	-932						-932	-1,271
Income and expenses from payables													
Total	**7,047**	**2,877**	**-411**	**4,408**	**-2,938**	**10,985**	**10,894**	**130**	**-9,117**	**-1,280**	**627**	**11,612**	**20,566**

Acquisition and administration costs of insurance business

Appendix 11

(€ million)	Non-life segment		Life segment	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Commissions and other acquisition costs	4,956	4,848	4,201	4,019
a Acquisition and administration commissions	3,914	3,830	3,153	2,945
b Other acquisition costs	931	909	950	970
c Change in deferred acquisition costs	-4	-2	47	53
d Collecting commissions	116	111	51	52
Commissions and profit commissions from reinsurers	-152	-153	-272	-127
Commissions and other acquisition costs net of commissions and profit commissions from reinsurers (*)	85	86	429	337
Other administration costs	1,095	1,112	910	944
Total	**5,984**	**5,892**	**5,269**	**5,174**

(*) Before the elimination of intra-group transactions between segments.

Details on other comprehensive income

Appendix 12

(€ million)	Allocation		Transfer to profit and loss account		Other transfer		Total variation		Taxes		Amounts	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Items that may be reclassified to profit and loss in future periods												
Reserve for currency translation differences	-544	80	-5	-23			-549	57		1	-649	-99
Net unrealized gains and losses on investments available for sale	1,131	4,229	274	-6			1,406	4,223	-328	-1,658	9,046	7,640
Net unrealized gains and losses on cash flows hedging derivatives	58	139	-29	-2			29	137	-14	-34	123	94
Net unrealized gains and losses on hedge of a net investment in foreign operations	15	-19	-3	-22			13	-41			-121	-134
Share of other comprehensive income of associates		29		-7				22			84	84
Result of discontinued operations		-255						-255				
Others												
Items that may not be reclassified to profit and loss in future periods												
Revenue reserve from valuation of equity												
Result of discontinued operations		4						4				
Reserve for revaluation model on intangible assets												
Reserve for revaluation model on tangible assets												
Actuarial gains or losses arising from defined benefit plans	-180	-392					-180	-392	77	161	-1,466	-1,286
TOTAL OTHER COMPREHENSIVE INCOME	**481**	**3,817**	**237**	**-61**			**718**	**3,757**	**-265**	**-1,530**	**7,016**	**6,298**

Assets and liabilities measured at fair value on recurring and non-recurring basis: fair value hierarchy

Appendix 14

(€ million)	Level 1		Level 2		Level 3		Total	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Financial assets and liabilities at fair value through profit or loss on recurring basis								
Available for sale financial assets	300,963	285,224	27,089	24,518	8,953	8,453	337,005	318,195
Financial assets at fair value through profit or loss	93,837	87,062	8,497	6,531	3,114	2,080	105,447	95,672
Financial assets held for trading	14	19	1,185	1,294			1,200	1,313
Financial assets designated at fair value through profit or loss	93,822	87,043	7,312	5,237	3,114	2,080	104,248	94,359
Investment properties								
Tangible assets								
Intangible assets								
Total financial assets at fair value	**394,799**	**372,286**	**35,586**	**31,049**	**12,067**	**10,533**	**442,453**	**413,868**
Financial liabilities at fair value through profit or loss	4,750	3,035	2,278	1,847	169	101	7,198	4,983
Financial liabilities held for trading	4	1	795	836			799	838
Financial liabilities designated at fair value through profit or loss	4,747	3,033	1,483	1,010	169	101	6,399	4,145
Total financial liabilities on recurring basis	**4,750**	**3,035**	**2,278**	**1,847**	**169**	**101**	**7,198**	**4,983**
Total financial assets and liabilities at fair value on non recurring basis								
Non-current assets or of discontinued operations								
Non-current liabilities or of discontinued operations								

Details of the variations of assets and liabilities measured at fair value on a recurring basis classified in Level 3

Appendix 15

(€ million)	Available for sale financial assets	Financial assets at fair value through profit or loss		Investment properties	Tangible assets	Intangible assets	Financial liabilities at fair value through profit or loss	
		Financial assets held for trading	Financial assets designated as at fair value through profit or loss				Financial liabilities held for trading	Financial liabilities designated as at fair value through profit or loss
Opening balance	**8,453**		**2,080**					**101**
Purchases and issues	1,644		314					70
Disposals through sales and settlements	-674		-145					-1
Pay-backs	-226							
Net gains and losses recognized in P&L			944					1
of which net unrealised gains and losses			944					1
Net unrealised gains and losses recognized in OCI	119							
Net transfers in Level 3	9		63					
Net transfers out of Level 3	-245		-126					
Other changes	-127		-16					-3
Closing balance	**8,953**		**3,114**					**169**

Assets and liabilities not measured at fair value: fair value hierarchy

Appendix 16

(€ million)	Book value		Fair Value							
			Level 1		Level 2		Level 3		Total	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Assets										
Held to maturity investments	1,983	2,243	1,526	1,634	618	726			2,143	2,360
Loans and receivables	26,265	29,207	1,688	2,601	20,914	22,022	6,894	7,503	29,496	32,125
Investments in subsidiaries, associated companies and joint ventures	2,107	1,365					2,107	1,365	2,107	1,365
Land and buildings (investment properties)	15,124	14,168					24,660	22,693	24,660	22,693
Other assets	2,764	2,888					3,772	3,742	3,772	3,742
Total assets	48,243	49,871	3,213	4,234	21,532	22,748	37,433	35,303	62,178	62,286
Liabilities										
Other liabilities	28,263	28,354	10,273	12,335	13,409	11,691	6,142	6,000	29,824	30,026

Consolidation area: interests in entities with significant minority interests

Appendix 17

					Summarised financial information							
Entity Name	% Minority interests	% Availability to Minority Interests of voting rights in the General Shareholders' meeting	Consolidated Profit (loss) attributable to minority interests	Shareholders' equity attributable to minority interests	Total Assets	Investments	Technical provisions	Financial Liabilities	Total liabilities and shareholders' equity	Net profit (loss) of the period	Dividends distributed to minority interests	Gross Premiums
Banca Generali Group	49,19%	49,19%	135	698	13,554	11,810		11,574	1,300	515		
Generali China Life Insurance Co. Ltd	50,00%	50,00%	65	570	10,839	10,469	7,758	1,319	1,060	132	24	1,932

Change in the consolidation area(*)

Newly consolidated::	
1.	Advance Mediação de Seguros, Unipessoal Lda , Lisbon
2.	AdvanceCare - Gestão de Serviços de Saúde, S.A, Lisbon
3.	Bien Être Assistance S.A.S., Clichy
4.	Calm Eagle Portugal, Sociedade Unipessoal, Lda, Lisbon
5.	Core+ Fund GP, Luxembourg
6.	Esumédica - Prestação de Cuidados Médicos, S.A., Lisbon
7.	Europ Assistance Austria Holding Gesellschaft mbH, Vienna
8.	Europ Assistance Insurance Brokers Co., Ltd., Shanghai
9.	Europ Assistance Service Greece Single Member Private Company, Athens
10.	Fondo LIVING FUND ITALIA, Trieste
11.	Fondo Rubens, Trieste
12.	Generali Core+ Fund LP, Luxembourg
13.	Generali Core+ Soparfi S.à r.l., Luxembourg
14.	Generali High Street Retail Sàrl, Luxembourg
15.	GENERALI OPERATIONS SERVICE PLATFORM S.R.L., Trieste
16.	Generali Real Estate Living Fund, Luxembourg
17.	Generali Seguros, S.A. (ex Seguradoras Unidas, S.A.), Lisbon
18.	GRE PAN-EU BERLIN 2 S.à r.l., Luxembourg
19.	GRELIF SPV1 S.à r.l., Luxembourg
20.	Living Fund Master HoldCo S.à r.l., Luxembourg
21.	LORANZE sp z o.o., Warsaw
22.	MAIN SQUARE BETEILIGUNGSGESELLSCHAFT MBH, Hamburg
23.	PAN EU IBC Prague, Prague
24.	Plenisfer Investments SGR S.p.a., Trieste
25.	Prvni nemovitostni, Prague
26.	Sci 40 Notre Dame des Victoires, Paris
27.	SCI ISSY BORDS DE SEINE 2, Paris
28.	SCI Living Clichy, Paris
29.	SCI PARCOLOG ISLE D'ABEAU 4, Paris
30.	TTC - Training Center Unternehmensberatung GmbH, Vienna

Company disposed of/wound up/merged in::	
1.	Adriatic Slovenica Zavarovalna družba d. d., Koper - Merged in Generali zavarovalnica d.d.
2.	City Empiria a.s., Prague
3.	Fondo Immobiliare Schubert - comparto 3, Trieste - Merged in Fondo Immobiliare Mantegna.
4.	Generali Companhia de Seguros, S.A., Lisbon - Merged in Generali Seguros, S.A.
5.	Generali Deutschland Informatik Services GmbH, Aachen - Merged in Generali Versicherung AG.
6.	Generali Services CEE a.s., Prague - Merged in Generali Česká distribuce, a.s.
7.	Generali Velký Špalíček s.r.o., Prague
8.	Generali Vida Companhia de Seguros S.A., Lisbon - Merged in Generali Seguros, S.A.
9.	GID Fonds AVAOT III, Cologne
10.	GLL AMB Generali City22 S.à.r.l., Luxembourg
11.	GLL City22 S.L., Madrid
12.	MyDrive Solutions Limited, London
13.	Nextam Partners S.p.A, Milan - Merged in Banca Generali S.p.A.
14.	NextamPartners SGR S.p.A., Milan - Merged in Banca Generali S.p.A.

* Consolidation area consists of companies consolidated “line by line”.

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding %				Interessenza totale[3]
						Direct	Indirect	Through	Total	
Assicurazioni Generali S.p.A.	086	EUR	1,576,052,047	G	1	0.39			0.41	100.00
							0.01	Generali Italia S.p.A.		
Genertel S.p.A.	086	EUR	23,000,000	G	1		100.00	Genertellife S.p.A.	100.00	100.00
UMS - Immobiliare Genova S.p.A.	086	EUR	15,993,180	G	10		99.90	Generali Italia S.p.A.	99.90	99.90
Europ Assistance Italia S.p.A.	086	EUR	12,000,000	G	1		73.95	Europ Assistance Holding S.A.S.	100.00	100.00
							26.05	Generali Italia S.p.A.		
Europ Assistance Trade S.p.A.	086	EUR	540,000	G	11		91.56	Europ Assistance Italia S.p.A.	100.00	100.00
							8.44	Europ Assistance VAI S.p.A.		
Europ Assistance VAI S.p.A.	086	EUR	4,324,620	G	11		100.00	Europ Assistance Italia S.p.A.	100.00	100.00
Generali Investments Partners S.p.A. Società di Gestione Risparmio	086	EUR	1,000,000	G	8		97.61	Alleanza Assicurazioni S.p.A.	100.00	99.99
							2.39	Generali Investments Holding S.p.A.		
Generali Welion S.c.a.r.l.	086	EUR	10,000	G	11		1.00	Genertel S.p.A.	100.00	100.00
							1.00	Generali Business Solutions S.c.p.A.		
							2.00	Alleanza Assicurazioni S.p.A.		
							2.00	Genertellife S.p.A.		
							94.00	Generali Italia S.p.A.		
Alleanza Assicurazioni S.p.A.	086	EUR	210,000,000	G	1		100.00	Generali Italia S.p.A.	100.00	100.00
Genagricola - Generali Agricoltura S.p.A.	086	EUR	219,900,000	G	11		100.00	Generali Italia S.p.A.	100.00	100.00
Agricola San Giorgio S.p.A.	086	EUR	22,160,000	G	11		100.00	Genagricola - Generali Agricoltura S.p.A.	100.00	100.00
GenerFid S.p.A.	086	EUR	240,000	G	11		100.00	Banca Generali S.p.A.	100.00	50.81
Banca Generali S.p.A.	086	EUR	116,851,637	G	7		9.65	Generali Vie S.A.	50.94	50.81
							0.44	Genertel S.p.A.		
							2.44	Alleanza Assicurazioni S.p.A.		
							4.89	Genertellife S.p.A.		
							33.52	Generali Italia S.p.A.		
Fondo Scarlatti - Fondo Immobiliare chiuso	086	EUR	510,756,634	G	10		2.89	Generali Vie S.A.	76.57	76.53
							1.94	Genertel S.p.A.		
							7.36	Alleanza Assicurazioni S.p.A.		
							7.11	Genertellife S.p.A.		
							57.27	Generali Italia S.p.A.		
Generali Real Estate S.p.A.	086	EUR	780,000	G	11	100.00			100.00	100.00
Fondo Immobiliare Mascagni	086	EUR	2,235,542,215	G	10		1.17	Genertel S.p.A.	100.00	100.00
							30.17	Alleanza Assicurazioni S.p.A.		
							18.04	Genertellife S.p.A.		
							50.62	Generali Italia S.p.A.		
Fondo Immobiliare Toscanini	086	EUR	794,761,057	G	10		1.68	Generali Vie S.A.	100.00	99.98
							0.32	Genertel S.p.A.		
							32.91	Alleanza Assicurazioni S.p.A.		
							18.57	Genertellife S.p.A.		
							46.52	Generali Italia S.p.A.		
GSS - Generali Shared Services S.c.a.r.l.	086	EUR	1,002,000	G	11		0.50	Generali Vie S.A.	100.00	99.99

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method(1)	Activity(2)	Shareholding % Direct	Indirect	Through	Total	Interessenza totale(3)
							99.50	GENERALI OPERATIONS SERVICE PLATFORM S.R.L.		
Generali Business Solutions S.c.p.A.	086	EUR	7,853,626	G	11	1.22			100.00	99.72
							0.25	Genertel S.p.A.		
							0.01	Europ Assistance Italia S.p.A.		
							0.01	Generali Welion S.c.a.r.l.		
							0.01	Alfuturo Servizi Assicurativi s.r.l.		
							0.01	Generali Real Estate S.p.A. SGR		
							0.01	Generali Jeniot S.p.A.		
							1.29	Alleanza Assicurazioni S.p.A.		
							0.57	Banca Generali S.p.A.		
							0.05	GSS - Generali Shared Services S.c.a.r.l.		
							0.27	Genertellife S.p.A.		
							0.27	Generali Insurance Asset Management S.p.A. Società di Gestione del Risparmio		
							96.04	Generali Italia S.p.A.		
Axis Retail Partners S.p.A.	086	EUR	120,000	G	11		59.50	Generali Investments Holding S.p.A.	59.50	59.22
Nextam Partners SIM S.p.A.	086	EUR	1,100,000	G	8		100.00	Banca Generali S.p.A.	100.00	50.81
Fondo Rubens	086	EUR	323,000,000	G	11		50.00	CityLife S.p.A.	100.00	99.46
							50.00	Generali Europe Income Holding S.A.		
Fondo LIVING FUND ITALIA	086	EUR	105,560,000	G	11		15.49	Fondo Immobiliare Mascagni	99.97	99.97
							17.76	CityLife S.p.A.		
							66.72	Generali Real Estate Living Fund SICAV RAIF		
CityLife S.p.A.	086	EUR	351,941	G	10		100.00	Generali Italia S.p.A.	100.00	100.00
Residenze CYL S.p.A.	086	EUR	39,921,667	G	10		0.30	CityLife S.p.A.	66.67	66.67
							66.37	Generali Italia S.p.A.		
CityLife Sviluppo 2 S.r.l.	086	EUR	10,000	G	10		100.00	Fondo Immobiliare Mantegna	100.00	99.61
D.A.S. Difesa Automobilistica Sinistri - S.p.A. di Assicurazione	086	EUR	2,750,000	G	1		50.01	Generali Italia S.p.A.	50.01	50.01
D.A.S. Legal Services S.r.l.	086	EUR	100,000	G	11		100.00	D.A.S. Difesa Automobilistica Sinistri - S.p.A. di Assicurazione	100.00	50.01
Generali Real Estate Debt Investment Fund Italy (GREDIF ITA)	086	EUR	161,400,000	G	11		100.00	Generali Real Estate Debt Investment Fund S.C.Sp RAIF	100.00	99.63
Alfuturo Servizi Assicurativi s.r.l.	086	EUR	70,000	G	11		100.00	Alleanza Assicurazioni S.p.A.	100.00	100.00
Fondo Canaletto	086	EUR	286,894,219	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.92
Generali Real Estate S.p.A. SGR	086	EUR	6,732,889	G	8		100.00	Generali Real Estate S.p.A.	100.00	100.00
Generali Investments Holding S.p.A.	086	EUR	41,360,000	G	9	37.72			100.00	99.52
							28.29	Generali Deutschland AG		
							33.99	Generali France S.A.		
Fondo Donizetti	086	EUR	1,768,833,060	G	11		1.06	Europ Assistance Italia S.p.A.	99.99	99.99
							28.03	Alleanza Assicurazioni S.p.A.		
							15.75	Genertellife S.p.A.		
							55.16	Generali Italia S.p.A.		
Fondo Immobiliare Mantegna	086	EUR	341,414,124	G	11		100.00	Generali Core High Street Retail Fund	100.00	99.61

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding % Direct	Indirect	Through	Total	Interessenza totale[3]
Fondo Immobiliare Tiepolo	086	EUR	203,385,974	G	11		100.00	Generali Real Estate Asset Repositioning S.A.	100.00	99.47
Fondo Immobiliare Schubert - comparto 1	086	EUR	109,483,823	G	11		100.00	Generali Core+ Fund GP	100.00	93.81
Fondo Immobiliare Schubert - comparto 2	086	EUR	86,090,000	G	11		100.00	Generali Italia S.p.A.	100.00	100.00
Fondo Immobiliare Segantini	086	EUR	157,449,883	G	11		100.00	Generali Real Estate Logistics Fund S.C.S. SICAV-RAIF	100.00	99.21
Genertellife S.p.A.	086	EUR	168,200,000	G	1		100.00	Generali Italia S.p.A.	100.00	100.00
GENERALI OPERATIONS SERVICE PLATFORM S.R.L.	086	EUR	489,000	G	11	100.00			100.00	100.00
Generali Jeniot S.p.A.	086	EUR	3,100,000	G	11		100.00	Generali Italia S.p.A.	100.00	100.00
Generali Italia S.p.A.	086	EUR	1,618,628,450	G	1	100.00			100.00	100.00
Generali Insurance Asset Management S.p.A. Società di Gestione del Risparmio	086	EUR	60,085,000	G	8		100.00	Generali Investments Holding S.p.A.	100.00	99.52
Plenisfer Investments SGR S.p.a.	086	EUR	5,000,000	G	11		70.00	Generali Investments Holding S.p.A.	70.00	69.67
Dialog Lebensversicherungs-Aktiengesellschaft	094	EUR	2,045,200	G	2		100.00	Generali Deutschland AG	100.00	100.00
GDPK-FI1 GmbH & Co. offene Investment KG	094	EUR	10,000	G	9		100.00	Generali Deutschland Pensionskasse AG	100.00	100.00
Generali Health Solutions GmbH	094	EUR	25,000	G	11		100.00	Generali Deutschland AG	100.00	100.00
Generali Deutschland AG	094	EUR	137,560,202	G	5	4.04			100.00	100.00
							94.10	Generali Beteiligungs-GmbH		
							1.86	Alleanza Assicurazioni S.p.A.		
Generali Deutschland Lebensversicherung AG	094	EUR	71,269,998	G	2		100.00	Generali Deutschland AG	100.00	100.00
Generali Deutschland Versicherung AG	094	EUR	136,463,896	G	2		100.00	Generali Deutschland AG	100.00	100.00
Generali Deutschland Krankenversicherung AG	094	EUR	34,017,984	G	2		100.00	Generali Deutschland AG	100.00	100.00
Europ Assistance Services GmbH	094	EUR	250,000	G	11		100.00	Europ Assistance S.A.	100.00	99.99
Cosmos Lebensversicherungs Aktiengesellschaft	094	EUR	11,762,200	G	2		100.00	Generali Deutschland AG	100.00	100.00
Cosmos Versicherung Aktiengesellschaft	094	EUR	9,205,200	G	2		100.00	Generali Deutschland AG	100.00	100.00
ENVIVAS Krankenversicherung Aktiengesellschaft	094	EUR	1,022,800	G	2		100.00	Generali Deutschland AG	100.00	100.00
ADVOCARD Rechtsschutzversicherung AG	094	EUR	12,920,265	G	2		100.00	Generali Deutschland AG	100.00	100.00
Generali Deutschland Pensionskasse AG	094	EUR	7,500,000	G	2		100.00	Generali Deutschland AG	100.00	100.00
Generali Beteiligungs-GmbH	094	EUR	1,005,000	G	4	100.00			100.00	100.00
Generali Deutschland Finanzierungs-GmbH	094	EUR	17,895,500	G	10		100.00	Generali Deutschland Versicherung AG	100.00	100.00
VVS Vertriebsservice für Vermögensberatung GmbH	094	EUR	250,000	G	11		100.00	ATLAS Dienstleistungen für Vermögensberatung GmbH	100.00	74.00
Generali Pensionsfonds AG	094	EUR	5,100,000	G	2		100.00	Generali Deutschland AG	100.00	100.00
Generali European Real Estate Income Investments GmbH & Co. Geschlossene Investment KG	094	EUR	409,663,042	G	10		3.24	Dialog Lebensversicherungs-Aktiengesellschaft	100.00	99.99
							23.94	Generali Deutschland Lebensversicherung AG		
							9.79	Generali Deutschland Versicherung AG		
							29.41	Generali Deutschland Krankenversicherung AG		
							23.10	Cosmos Lebensversicherungs Aktiengesellschaft		
							1.49	Cosmos Versicherung Aktiengesellschaft		
							1.27	ADVOCARD Rechtsschutzversicherung AG		
							7.77	Dialog Versicherung Aktiengesellschaft		

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding %				Interessenza totale[3]
						Direct	Indirect	Through	Total	
Generali Northern America Real Estate Investments GmbH & Co. KG	094	EUR	17,387,755	G	10		45.42	Generali Deutschland Lebensversicherung AG	99.89	99.89
							27.24	Generali Deutschland Krankenversicherung AG		
							27.24	Cosmos Lebensversicherungs Aktiengesellschaft		
AM Erste Immobilien AG & Co. KG	094	EUR	53,875,499	G	10		100.00	Generali Deutschland Lebensversicherung AG	100.00	100.00
CENTRAL Erste Immobilien AG & Co. KG	094	EUR	4,823,507	G	10		100.00	Generali Deutschland Krankenversicherung AG	100.00	100.00
CENTRAL Zweite Immobilien AG & Co. KG	094	EUR	12,371,997	G	10		100.00	Generali Deutschland Krankenversicherung AG	100.00	100.00
Deutsche Bausparkasse Badenia Aktiengesellschaft	094	EUR	40,560,000	G	7		100.00	Generali Deutschland AG	100.00	100.00
AM Vers Erste Immobilien AG & Co. KG	094	EUR	16,775,749	G	10		100.00	Generali Deutschland Versicherung AG	100.00	100.00
Generali Finanz Service GmbH	094	EUR	26,000	G	11		100.00	Generali Deutschland AG	100.00	100.00
AM Sechste Immobilien AG & Co. KG	094	EUR	85,025,000	G	10		100.00	Generali Deutschland Lebensversicherung AG	100.00	100.00
DBB Vermögensverwaltung GmbH & Co. KG	094	EUR	21,214,579	G	10		100.00	Deutsche Bausparkasse Badenia Aktiengesellschaft	100.00	100.00
Generali Deutschland Services GmbH	094	EUR	100,000	G	11		100.00	Generali Deutschland AG	100.00	100.00
ATLAS Dienstleistungen für Vermögensberatung GmbH	094	EUR	4,100,000	G	11		74.00	Generali Deutschland Lebensversicherung AG	74.00	74.00
Generali Deutschland Gesellschaft für bAV mbH	094	EUR	60,000	G	11		100.00	Generali Deutschland Lebensversicherung AG	100.00	100.00
Cosmos Finanzservice GmbH	094	EUR	25,565	G	11		100.00	Cosmos Versicherung Aktiengesellschaft	100.00	100.00
Generali Vitality GmbH	094	EUR	250,000	G	11	100.00			100.00	100.00
FPS Immobilien Verwaltung SW 13 GmbH	094	EUR	25,000	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.92
FLI Immobilien Verwaltungs SW 13 GmbH	094	EUR	25,000	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.92
FFDTV Immobilien Verwaltung SW 13 GmbH	094	EUR	25,000	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.92
Generali Pensions- und SicherungsManagement GmbH	094	EUR	25,000	G	11		100.00	Generali Deutschland AG	100.00	100.00
Grundstücksgesellschaft Einkaufszentrum Marienplatz-Galerie Schwerin mbH & Co. KG	094	EUR	14,805,190	G	10		100.00	Generali Deutschland Versicherung AG	100.00	100.00
Grundstücksgesellschaft Einkaufszentrum Louisen-Center Bad Homburg mbH & Co. KG	094	EUR	57,975,829	G	10		100.00	Generali Deutschland AG	100.00	100.00
GID Fonds AAREC	094	EUR	1,765,242,416	G	11		1.80	Dialog Lebensversicherungs-Aktiengesellschaft	100.00	100.00
							45.73	Generali Deutschland Lebensversicherung AG		
							40.60	Generali Deutschland Krankenversicherung AG		
							10.44	Cosmos Lebensversicherungs Aktiengesellschaft		
							1.43	Generali Deutschland Pensionskasse AG		
GID Fonds ALAOT	094	EUR	824,541,656	G	11		100.00	Generali Deutschland Lebensversicherung AG	100.00	100.00
GID Fonds CLAOT	094	EUR	427,486,282	G	11		100.00	Cosmos Lebensversicherungs Aktiengesellschaft	100.00	100.00
GID Fonds AVAOT	094	EUR	96,323,444	G	11		100.00	Generali Deutschland Versicherung AG	100.00	100.00
GID Fonds CEAOT	094	EUR	944,379,230	G	11		100.00	Generali Deutschland Krankenversicherung AG	100.00	100.00
GID Fonds GDRET	094	EUR	175,807,521	G	11		21.38	Generali Deutschland AG	100.00	100.00
							2.95	Cosmos Versicherung Aktiengesellschaft		
							28.51	ADVOCARD Rechtsschutzversicherung AG		
							47.16	Dialog Versicherung Aktiengesellschaft		
GID Fonds AMLRET	094	EUR	584,069,884	G	11		100.00	Generali Deutschland Lebensversicherung AG	100.00	100.00
GID Fonds GVMET	094	EUR	339,405,338	G	11		100.00	Generali Deutschland Versicherung AG	100.00	100.00
Vofü Fonds I Hamburgische Grundbesitz und Anlage GmbH & Co.KG	094	EUR	14,800,000	G	10		54.19	Generali Deutschland AG	54.19	54.19

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding %				Interessenza totale[3]
						Direct	Indirect	Through	Total	
GID-Fonds GPRET	094	EUR	43,727,105	G	11		93.98	Generali Pensionsfonds AG	93.98	93.98
GID Fonds AVAOT II	094	EUR	16,475,476	G	11		100.00	Generali Deutschland Versicherung AG	100.00	100.00
GID Fonds ALRET	094	EUR	2,340,710,799	G	11		100.00	Generali Deutschland Lebensversicherung AG	100.00	100.00
GID Fonds CERET	094	EUR	2,582,065,143	G	11		100.00	Generali Deutschland Krankenversicherung AG	100.00	100.00
GID-Fonds CLRET	094	EUR	727,216,127	G	11		100.00	GID-Fonds CLRET 2	100.00	100.00
GID Fonds DLRET	094	EUR	79,010,376	G	11		100.00	Dialog Lebensversicherungs-Aktiengesellschaft	100.00	100.00
GID Fonds GDPRET	094	EUR	169,424,148	G	11		100.00	Generali Deutschland Pensionskasse AG	100.00	100.00
GID Fonds GVRET	094	EUR	324,717,515	G	11		58.16	Generali Deutschland Versicherung AG	100.00	100.00
							41.84	Dialog Versicherung Aktiengesellschaft		
Gentum Nr. 1	094	EUR	671,261,391	G	11		0.93	Dialog Lebensversicherungs-Aktiengesellschaft	100.00	100.00
							30.01	Generali Deutschland Lebensversicherung AG		
							26.66	Generali Deutschland Versicherung AG		
							21.27	Generali Deutschland Krankenversicherung AG		
							9.26	Cosmos Lebensversicherungs Aktiengesellschaft		
							1.28	Cosmos Versicherung Aktiengesellschaft		
							2.72	ADVOCARD Rechtsschutzversicherung AG		
							7.88	Dialog Versicherung Aktiengesellschaft		
GID Fonds AVRET	094	EUR	143,018,851	G	11		100.00	Generali Deutschland Versicherung AG	100.00	100.00
GID Fonds DLAET	094	EUR	51,583,447	G	11		100.00	Dialog Lebensversicherungs-Aktiengesellschaft	100.00	100.00
GID-Fonds AAINF	094	EUR	190,681,676	G	11		45.90	Generali Deutschland Lebensversicherung AG	100.00	100.00
							29.10	Generali Deutschland Krankenversicherung AG		
							25.00	Cosmos Lebensversicherungs Aktiengesellschaft		
GID-Fonds CLRET 2	094	EUR	1,990,238,947	G	11		100.00	Cosmos Lebensversicherungs Aktiengesellschaft	100.00	100.00
GID-Fonds ALAET	094	EUR	218,791,725	G	11		100.00	Generali Deutschland Lebensversicherung AG	100.00	100.00
GID-Fonds CLTGP	094	EUR	172,999,821	G	11		100.00	Cosmos Lebensversicherungs Aktiengesellschaft	100.00	100.00
GID-Fonds ALAET II	094	EUR	272,290,307	G	11		100.00	Generali Deutschland Lebensversicherung AG	100.00	100.00
Dialog Versicherung Aktiengesellschaft	094	EUR	5,000,000	G	2		100.00	Generali Deutschland AG	100.00	100.00
GIE-Fonds AADMSE	094	EUR	921,400,640	G	11		0.91	Dialog Lebensversicherungs-Aktiengesellschaft	100.00	100.00
							50.50	Generali Deutschland Lebensversicherung AG		
							19.21	Generali Deutschland Krankenversicherung AG		
							20.29	Cosmos Lebensversicherungs Aktiengesellschaft		
							0.57	ENVIVAS Krankenversicherung Aktiengesellschaft		
							8.52	Generali Deutschland Pensionskasse AG		
GIE-Fonds AASBWA	094	EUR	324,664,717	G	11		1.58	Dialog Lebensversicherungs-Aktiengesellschaft	100.00	100.00
							51.70	Generali Deutschland Lebensversicherung AG		
							26.70	Generali Deutschland Krankenversicherung AG		
							20.02	Cosmos Lebensversicherungs Aktiengesellschaft		
MAIN SQUARE BETEILIGUNGSGESELLSCHAFT MBH	094	EUR	87,037,965	G	11		47.48	SC GF Pierre	94.96	94.29
							47.48	Generali Real Estate Living Fund SICAV RAIF		
Generali IARD S.A.	029	EUR	94,630,300	G	2		100.00	Generali France S.A.	100.00	98.60
Generali Vie S.A.	029	EUR	336,872,976	G	2		100.00	Generali France S.A.	100.00	98.60

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[(1)]	Activity[(2)]	Shareholding % Direct	Indirect	Through	Total	Interessenza totale[(3)]
L'Equité S.A. Cie d'Assurances et Réass.contre les risques de toute nature	029	EUR	26,469,320	G	2		99.99	Generali IARD S.A.	99.99	98.60
							0.01	Generali Vie S.A.		
GFA Caraïbes	029	EUR	6,839,360	G	2		100.00	Generali IARD S.A.	100.00	98.60
Prudence Creole	029	EUR	7,026,960	G	2		95.80	Generali IARD S.A.	95.81	94.47
							0.01	Generali France S.A.		
SAS Lonthènes	029	EUR	529,070	G	10		100.00	Generali Vie S.A.	100.00	98.60
Europ Assistance France S.A.	029	EUR	5,316,384	G	11		100.00	Europ Assistance Holding S.A.S.	100.00	99.99
Europ Assistance Océanie S.A.S.	029	XPF	24,000,000	G	11		100.00	Europ Assistance Holding S.A.S.	100.00	99.99
Ocealis S.A.S.	029	EUR	414,350	G	11		81.90	Europ Assistance France S.A.	81.90	81.89
Generali France S.A.	029	EUR	114,623,013	G	4	66.92			98.65	98.60
							31.73	Generali Participations Netherlands N.V.		
Europ Assistance Holding S.A.S.	029	EUR	23,937,936	G	4	96.35			100.00	99.99
							3.65	Generali Participations Netherlands N.V.		
Cofifo S.A.S.	029	EUR	60,411,390	G	9		100.00	Generali France S.A.	100.00	98.60
Suresnes Immobilier S.A.S.	029	EUR	43,040,000	G	10		100.00	Generali Vie S.A.	100.00	98.60
SCI Terra Nova V Montreuil	029	EUR	19,800,000	G	10		30.00	Generali Vie S.A.	100.00	98.60
							70.00	Generali IARD S.A.		
GEII Rivoli Holding SAS	029	EUR	12,000,000	G	10		100.00	Generali Europe Income Holding S.A.	100.00	98.92
Immobiliere Commerciale des Indes Orientales IMMOCIO	029	EUR	134,543,500	G	10		100.00	Generali Vie S.A.	100.00	98.60
SAS IMMOCIO CBI	029	EUR	61,058,016	G	10		100.00	Immobiliere Commerciale des Indes Orientales IMMOCIO	100.00	98.60
Bien Être Assistance S.A.S.	029	EUR	1,000,000	G	11		100.00	Europ Assistance France S.A.	100.00	99.99
Europ Assistance S.A.	029	EUR	46,926,941	G	2		100.00	Europ Assistance Holding S.A.S.	100.00	99.99
Europ Assistance Brokerage Solutions S.a.r.l.	029	EUR	6,515,000	G	11		100.00	Europ Assistance Holding S.A.S.	100.00	99.99
Europ Téléassistance S.A.S.	029	EUR	4,600,000	G	11		100.00	Europ Assistance France S.A.	100.00	99.99
SCI Generali Reaumur	029	EUR	10,643,469	G	10		100.00	Generali Vie S.A.	100.00	98.60
Gconcierges S.A.S.	029	EUR	50,000	G	11		100.00	Europ Assistance Holding S.A.S.	100.00	99.99
Generali Global Infrastructure S.A.S.	029	EUR	5,000,204	G	8		51.00	Generali Investments Holding S.p.A.	51.00	50.76
Sycomore Factory SAS	029	EUR	38,021,055	G	9		62.60	Generali Investments Holding S.p.A.	62.60	62.30
Sycomore Asset Management S.A.	029	EUR	3,600,000	G	8		100.00	Sycomore Factory SAS	100.00	62.30
Sycomore Market Solutions SA	029	EUR	1,000,000	G	11		100.00	Sycomore Factory SAS	100.00	62.30
GEIH France OPCI	029	EUR	149,271,500	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.92
SCI GRE PAN-EU 74 Rivoli	029	EUR	1,000	G	11		0.10	Generali Europe Income Holding S.A.	100.00	98.92
							99.90	GEIH France OPCI		
SCI GRE PAN-EU 146 Haussmann	029	EUR	1,000	G	11		0.10	Generali Europe Income Holding S.A.	100.00	98.92
							99.90	GEIH France OPCI		
PARCOLOG France	029	EUR	168,701,882	G	11		100.00	Generali Real Estate Logistics Fund S.C.S. SICAV-RAIF	100.00	99.21
SCI du 68 Pierre Charron	029	EUR	1,000	G	10		0.10	Generali Europe Income Holding S.A.	100.00	98.92
							99.90	GEIH France OPCI		
OPPCI K Archives	029	EUR	16,500	G	10		100.00	Generali Europe Income Holding S.A.	100.00	98.92

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding % Direct	Indirect	Through	Total	Interessenza totale[3]
OPPCI K Charlot	029	EUR	15,300	G	10		100.00	Generali Europe Income Holding S.A.	100.00	98.92
GRE PANEU Cœur Marais SCI	029	EUR	10,000	G	10		0.01	Generali Europe Income Holding S.A.	100.00	98.92
							99.99	OPPCI K Archives		
GRE PANEU Fhive SCI	029	EUR	10,000	G	10		0.01	Generali Europe Income Holding S.A.	100.00	98.92
							99.99	OPPCI K Charlot		
SAS Retail One	029	EUR	1,700,000	G	11		100.00	Retail One Fund SCSp RAIF	100.00	98.92
Retail One Fund OPPCI	029	EUR	120,999,890	G	11		35.29	Generali Vie S.A.	100.00	98.81
							64.71	Retail One Fund SCSp RAIF		
SCI Retail One	029	EUR	108,470,860	G	11		0.10	Generali Vie S.A.	100.00	98.81
							99.90	Retail One Fund OPPCI		
SCI PARCOLOG ISLE D'ABEAU 4	029	EUR	4,601,000	G	10		0.10	Sarl Parcolog Lyon Isle d'Abeau Gestion	100.00	99.21
							99.90	SC Generali Logistique		
SCI ISSY BORDS DE SEINE 2	029	EUR	7,122,890	G	10		50.00	SC GF Pierre	100.00	98.76
							50.00	Generali Europe Income Holding S.A.		
SCI du 54 Avenue Hoche	029	EUR	152,400	G	10		100.00	Generali Vie S.A.	100.00	98.60
SCI 42 Notre Dame Des Victoires	029	EUR	12,663,630	G	10		100.00	Generali Vie S.A.	100.00	98.60
SCI Generali Wagram	029	EUR	284,147	G	10		100.00	Generali IARD S.A.	100.00	98.60
SCI du Coq	029	EUR	12,877,678	G	10		0.81	Generali IARD S.A.	100.00	98.60
							99.19	Generali Vie S.A.		
SCI Espace Seine-Generali	029	EUR	1,000	G	10		0.10	Generali IARD S.A.	100.00	98.60
							99.90	Generali Vie S.A.		
SC GF Pierre	029	EUR	105,255,760	G	10		0.53	Generali IARD S.A.	100.00	98.60
							85.25	Generali Vie S.A.		
							10.67	L'Equité S.A. Cie d'Assurances et Réass.contre les risques de toute nature		
							3.54	SCI Generali Wagram		
SCI Landy-Novatis	029	EUR	672,000	G	10		0.10	Generali Vie S.A.	100.00	98.60
							99.90	SC Novatis		
SCI Cogipar	029	EUR	10,000	G	10		0.01	Generali IARD S.A.	100.00	98.60
							99.99	Generali Vie S.A.		
SC Commerce Paris	029	EUR	1,746,570	G	10		17.04	Generali Vie S.A.	100.00	98.60
							82.96	SC GF Pierre		
SCI Landy-Wilo	029	EUR	1,000	G	10		0.10	Generali IARD S.A.	100.00	98.60
							99.90	Generali Vie S.A.		
Europ Assistance Clearing Center GIE	029	EUR		G	11		100.00	Europ Assistance Holding S.A.S.	100.00	99.99
S.C. Generali Carnot	029	EUR	10,525,000	G	10		100.00	Generali Vie S.A.	100.00	98.60
SCI Generali Commerce 1	029	EUR	100,000	G	10		0.10	Generali Vie S.A.	100.00	98.60
							53.80	SC GF Pierre		
							46.10	SC Commerce Paris		
SCI Generali Commerce 2	029	EUR	100,000	G	10		0.06	Generali IARD S.A.	100.00	98.60
							99.94	Generali Vie S.A.		
SCI Generali le Moncey	029	EUR	1,923,007	G	10		100.00	Generali Vie S.A.	100.00	98.60

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method(1)	Activity(2)	Shareholding % Direct	Indirect	Through	Total	Interessenza totale(3)
SC Generali Logistique	029	EUR	112,480,703	G	10		100.00	PARCOLOG France	100.00	99.21
SCI Parcolog Lille Hénin Beaumont 2	029	EUR	476,670	G	10		100.00	SC Generali Logistique	100.00	99.21
SCI Iris La Défense	029	EUR	1,350	G	10		44.44	Generali IARD S.A.	100.00	98.60
							55.56	Generali Vie S.A.		
OPCI Parcolog Invest	029	EUR	225,848,750	G	10		100.00	Generali Vie S.A.	100.00	98.60
Sarl Parcolog Lyon Isle d'Abeau Gestion	029	EUR	8,156	G	10		100.00	PARCOLOG France	100.00	99.21
SCI Parc Logistique Maisonneuve 1	029	EUR	1,070,000	G	10		100.00	SC Generali Logistique	100.00	99.21
SCI Parc Logistique Maisonneuve 2	029	EUR	8,000	G	10		0.01	Generali Vie S.A.	100.00	98.60
							99.99	SC Generali Logistique		
SCI Parc Logistique Maisonneuve 3	029	EUR	6,065,560	G	10		100.00	SC Generali Logistique	100.00	99.21
SCI Parc Logistique Maisonneuve 4	029	EUR	5,471,190	G	10		100.00	SC Generali Logistique	100.00	99.21
SCI Parcolog Isle D'Abeau 1	029	EUR	5,008,000	G	10		100.00	SC Generali Logistique	100.00	99.21
SCI Parcolog Isle D'Abeau 2	029	EUR	2,008,000	G	10		100.00	SC Generali Logistique	100.00	99.21
SCI Parcolog Isle D'Abeau 3	029	EUR	4,008,000	G	10		100.00	SC Generali Logistique	100.00	99.21
SCI Parcolog Combs La Ville 1	029	EUR	7,001,000	G	10		100.00	SC Generali Logistique	100.00	99.21
SCI Parcolog Bordeaux Cestas	029	EUR	9,508,000	G	10		100.00	SC Generali Logistique	100.00	99.21
SCI Parcolog Marly	029	EUR	7,001,000	G	10		100.00	SC Generali Logistique	100.00	99.21
SCI Parcolog Messageries	029	EUR	1,000	G	10		1.00	Generali Vie S.A.	100.00	98.60
							99.00	SC Generali Logistique		
SCI Commerces Regions	029	EUR	1,000	G	10		1.00	Generali IARD S.A.	100.00	98.60
							99.00	Generali Vie S.A.		
SCI Thiers Lyon	029	EUR	1,000	G	10		1.00	Generali Vie S.A.	100.00	98.60
							99.00	SC GF Pierre		
SAS Parcolog Lille Henin Beaumont 1	029	EUR	302,845	G	10		100.00	OPCI Parcolog Invest	100.00	98.60
OPCI Generali Bureaux	029	EUR	103,996,539	G	10		100.00	Generali Vie S.A.	100.00	98.60
OPCI Generali Residentiel	029	EUR	149,607,800	G	10		100.00	Generali Vie S.A.	100.00	98.60
OPCI GB1	029	EUR	153,698,740	G	10		100.00	Generali Vie S.A.	100.00	98.60
OPCI GR1	029	EUR	200,481,793	G	10		19.13	Generali IARD S.A.	100.00	98.60
							73.69	Generali Vie S.A.		
							7.18	L'Equité S.A. Cie d'Assurances et Réass.contre les risques de toute nature		
SCI 18-20 Paix	029	EUR	20,207,750	G	10		100.00	Generali Vie S.A.	100.00	98.60
SCI Berges de Seine	029	EUR	6,975,233	G	10		100.00	Generali Vie S.A.	100.00	98.60
SCI 6 Messine	029	EUR	9,631,000	G	10		100.00	OPCI GR1	100.00	98.60
SCI 204 Pereire	029	EUR	4,480,800	G	10		100.00	OPCI GR1	100.00	98.60
SCI du 33 avenue Montaigne	029	EUR	174,496	G	10		100.00	OPCI GR1	100.00	98.60
SCI 5/7 Moncey	029	EUR	13,263,396	G	10		100.00	OPCI GR1	100.00	98.60
SCI 28 Cours Albert 1er	029	EUR	10,565,945	G	10		100.00	OPCI GR1	100.00	98.60
SC Novatis	029	EUR	17,081,141	G	10		100.00	Generali Vie S.A.	100.00	98.60
SCI Saint Michel	029	EUR	3,713,657	G	10		100.00	Generali Vie S.A.	100.00	98.60
Sarl Breton	029	EUR	38,687,973	G	10		100.00	Generali Vie S.A.	100.00	98.60
SCI Luxuary Real Estate	029	EUR	1,000	G	10		100.00	Generali Vie S.A.	100.00	98.60

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding % Direct	Indirect	Through	Total	Interessenza totale[3]
SCI Galilée	029	EUR	2,825,875	G	10		100.00	SC GF Pierre	100.00	98.60
SCI 40 Notre Dame Des Victoires	029	EUR	3,121,939	G	10		100.00	SC GF Pierre	100.00	98.60
SCI Living Clichy	029	EUR	250	G	10		100.00	Generali Real Estate Living Fund SICAV RAIF	100.00	99.99
Europäische Reiseversicherung Aktiengesellschaft	008	EUR	730,000	G	2		74.99	Europ Assistance Austria Holding GmbH	74.99	74.97
HSR Verpachtung GmbH	008	EUR	100,000	G	10		40.00	Generali Versicherung AG	100.00	84.96
							60.00	BAWAG P.S.K. Versicherung AG		
Generali Versicherung AG	008	EUR	70,000,000	G	2		25.00	Generali Beteiligungs- und Vermögensverwaltung GmbH	100.00	99.95
							75.00	Generali Beteiligungsverwaltung GmbH		
BAWAG P.S.K. Versicherung AG	008	EUR	12,000,000	G	2		75.00	Generali Versicherung AG	75.00	74.96
Europ Assistance Gesellschaft mbH	008	EUR	70,000	G	11		100.00	Europ Assistance Austria Holding GmbH	100.00	99.97
Europ Assistance Austria Holding GmbH	008	EUR	100,000	G	4		49.99	Generali Versicherung AG	100.00	99.97
							50.01	Europ Assistance Holding S.A.S.		
Car Care Consult Versicherungsvermittlung GmbH	008	EUR	60,000	G	11		100.00	Generali Versicherung AG	100.00	99.95
Generali Beteiligungs- und Vermögensverwaltung GmbH	008	EUR	35,000	G	4		100.00	Generali Beteiligungsverwaltung GmbH	100.00	99.95
Allgemeine Immobilien-Verwaltungs GmbH & Co. KG	008	EUR	17,441,553	G	10		100.00	Generali Versicherung AG	100.00	99.95
Generali Immobilien GmbH	008	EUR	4,900,000	G	10		100.00	Generali Versicherung AG	100.00	99.95
Generali Beteiligungsverwaltung GmbH	008	EUR	3,370,297	G	4	67.53			100.00	99.95
							32.47	Generali Participations Netherlands N.V.		
Sonnwendgasse 13 Errichtungsgesellschaft m.b.H.	008	EUR	35,000	G	11		33.33	FPS Immobilien Verwaltung SW 13 GmbH	100.00	98.92
							33.33	FLI Immobilien Verwaltungs SW 13 GmbH		
							33.33	FFDTV Immobilien Verwaltung SW 13 GmbH		
Generali Bank AG	008	EUR	26,000,000	G	7		100.00	Generali Versicherung AG	100.00	99.95
Generali Leasing GmbH	008	EUR	730,000	G	11		100.00	Generali Versicherung AG	100.00	99.95
TTC - Training Center Unternehmensberatung GmbH	008	EUR	35,000	G	11		100.00	Europäische Reiseversicherung Aktiengesellschaft	100.00	74.97
Care Consult Versicherungsmakler GmbH	008	EUR	138,078	G	11		100.00	Europäische Reiseversicherung Aktiengesellschaft	100.00	74.97
3 Banken-Generali-GLStock	008	EUR	4,680	G	11		100.00	Generali Versicherung AG	100.00	99.95
3 Banken Generali GLBond Spezialfonds	008	EUR		G	11		100.00	Generali Versicherung AG	100.00	99.95
3 Banken-Generali-GSBond	008	EUR	3,650	G	11		100.00	Generali Versicherung AG	100.00	99.95
3 Banken-Generali - GEN4A Spezialfonds	008	EUR	21,935	G	11		100.00	Generali Versicherung AG	100.00	99.95
BAWAG PSK Spezial 6	008	EUR	15,130	G	11		100.00	BAWAG P.S.K. Versicherung AG	100.00	74.96
3 Banken-Generali - GNLStock	008	EUR	1,248,500	G	11		100.00	Generali Versicherung AG	100.00	99.95
3 Banken-Generali-GHStock	008	EUR	313,061	G	11		100.00	Generali Versicherung AG	100.00	99.95
Generali European Retail Investments Holdings S.A.	092	EUR	1,006,050	G	8		100.00	Generali European Real Estate Investments S.A.	100.00	99.40
Generali Luxembourg S.A.	092	EUR	45,000,000	G	2		100.00	Generali Vie S.A.	100.00	98.60
Living Fund Master HoldCo S.à r.l.	092	EUR	12,000	G	11		100.00	Generali Real Estate Living Fund SICAV RAIF	100.00	99.99
Generali Investments Luxembourg S.A.	092	EUR	1,921,900	G	8		100.00	Generali Investments Holding S.p.A.	100.00	99.52
Generali Real Asset Multi-Manager	092	EUR	250,000	G	10		100.00	Generali Real Estate S.p.A.	100.00	100.00
Generali North American Holding 1 S.A.	092	USD	13,246,799	G	11		100.00	Generali Vie S.A.	100.00	98.60
Generali North American Holding 2 S.A.	092	USD	7,312,384	G	11		100.00	Generali Northern America Real Estate Investments GmbH & Co. KG	100.00	99.89

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding % Direct	Indirect	Through	Total	Interessenza totale[3]
Generali North American Holding S.A.	092	USD	15,600,800	G	8		22.22	Alleanza Assicurazioni S.p.A.	100.00	100.00
							10.56	Genertellife S.p.A.		
							67.22	Generali Italia S.p.A.		
Generali Europe Income Holding S.A.	092	EUR	1,590,285,320	G	8		4.30	Generali Versicherung AG	100.00	98.92
							2.45	BAWAG P.S.K. Versicherung AG		
							0.17	Generali Immobilien GmbH		
							1.76	GP Reinsurance EAD		
							15.35	Generali European Real Estate Income Investments GmbH & Co. Geschlossene Investment KG		
							4.95	Generali España, S.A. de Seguros y Reaseguros		
							32.05	Generali Vie S.A.		
							0.43	Europ Assistance S.A.		
							38.11	Fondo Donizetti		
							0.42	Generali Luxembourg S.A.		
GRE PAN-EU Munich 1 S.à r.l.	092	EUR	12,500	G	9		100.00	Generali Europe Income Holding S.A.	100.00	98.92
GRE PAN-EU Hamburg 1 S.à r.l.	092	EUR	12,500	G	9		100.00	Generali Europe Income Holding S.A.	100.00	98.92
GRE PAN-EU Hamburg 2 S.à r.l.	092	EUR	12,500	G	9		100.00	Generali Europe Income Holding S.A.	100.00	98.92
GRE PAN-EU Frankfurt 1 S.à r.l.	092	EUR	12,000	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.92
Cologne 1 S.à.r.l.	092	EUR	12,000	G	11		100.00	Generali Real Estate Asset Repositioning S.A.	100.00	99.47
Retail One Fund SCSp RAIF	092	EUR	220,000,000	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.92
Generali Real Estate Logistics Fund S.C.S. SICAV-RAIF	092	EUR	488,811,138	G	10		7.96	Generali Deutschland Lebensversicherung AG	100.00	99.21
							4.97	Generali Deutschland Krankenversicherung AG		
							4.97	Cosmos Lebensversicherungs Aktiengesellschaft		
							56.24	Generali Vie S.A.		
							25.86	Fondo Donizetti		
Generali Core High Street Retail Fund	092	EUR	348,800,010	G	10		14.31	Generali Deutschland Lebensversicherung AG	100.00	99.61
							9.54	Generali Deutschland Krankenversicherung AG		
							7.95	Cosmos Lebensversicherungs Aktiengesellschaft		
							7.95	L'Equité S.A. Cie d'Assurances et Réass.contre les risques de toute nature		
							19.48	Generali Vie S.A.		
							40.76	Fondo Donizetti		
GRE PAN-EU Berlin 1 S.à r.l.	092	EUR	12,000	G	10		100.00	Generali Europe Income Holding S.A.	100.00	98.92
Generali Real Estate Debt Investment Fund S.C.Sp RAIF	092	EUR	462,937,575	G	11		15.50	Generali Deutschland Lebensversicherung AG	100.00	99.63
							8.27	Generali Deutschland Krankenversicherung AG		
							7.23	Cosmos Lebensversicherungs Aktiengesellschaft		
							1.55	Generali España, S.A. de Seguros y Reaseguros		
							3.96	Generali IARD S.A.		
							21.13	Generali Vie S.A.		
							1.03	L'Equité S.A. Cie d'Assurances et Réass.contre les risques de toute nature		
							11.37	Alleanza Assicurazioni S.p.A.		

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding % Direct	Indirect	Through	Total	Interessenza totale[3]
							7.75	Genertellife S.p.A.		
							22.21	Generali Italia S.p.A.		
Generali Core+ Fund GP	092	EUR	169,700,100	G	11		16.00	Generali Deutschland Lebensversicherung AG	94.17	93.81
							9.60	Generali Deutschland Krankenversicherung AG		
							25.00	Generali Vie S.A.		
							6.40	Cosmos Lebensversicherungs Aktiengesellschaft		
							37.17	Fondo Donizetti		
Generali SCF Sàrl	092	EUR	12,000	G	11		100.00	Generali Shopping Centre Fund S.C.S. SICAV-SIF	100.00	99.60
Generali High Street Retail Sàrl	092	EUR	12,000	G	11		100.00	Generali Core High Street Retail Fund	100.00	99.61
Generali Real Estate Living Fund SICAV RAIF	092	EUR	127,120,100	G	11		100.00	Fondo Donizetti	100.00	99.99
Core+ Fund GP	092	EUR	12,000	G	11		100.00	Generali Real Estate S.p.A.	100.00	100.00
Generali Core+ Soparfi S.à r.l.	092	EUR	12,000	G	11		100.00	Generali Core+ Fund GP	100.00	93.81
GRE PAN-EU BERLIN 2 S.à r.l.	092	EUR	12,000	G	10		100.00	Generali Europe Income Holding S.A.	100.00	98.92
GRELIF SPV1 S.à r.l.	092	EUR	12,000	G	11		100.00	Generali Real Estate Living Fund SICAV RAIF	100.00	99.99
Generali European Real Estate Investments S.A.	092	EUR	154,972,858	G	8		7.98	Generali Versicherung AG	100.00	99.40
							19.95	Generali Deutschland Lebensversicherung AG		
							3.99	Generali España, S.A. de Seguros y Reaseguros		
							42.22	Generali Vie S.A.		
							23.95	Generali Italia S.p.A.		
							1.91	Generali Seguros, S.A.		
Frescobaldi S.à.r.l.	092	EUR	1,000,000	G	9		100.00	Generali European Real Estate Investments S.A.	100.00	99.40
GLL AMB Generali Cross-Border Property Fund FCP	092	EUR	69,827,903	G	9		53.85	Generali Deutschland Lebensversicherung AG	100.00	100.00
							30.77	Generali Deutschland Krankenversicherung AG		
							15.38	Cosmos Lebensversicherungs Aktiengesellschaft		
BG Fund Management Luxembourg S.A.	092	EUR	2,000,000	G	11		100.00	Banca Generali S.p.A.	100.00	50.81
Corelli S.à.r.l.	092	EUR	1,000,000	G	9		100.00	Generali European Real Estate Investments S.A.	100.00	99.40
Torelli S.à.r.l.	092	EUR	712,500	G	9		100.00	Generali European Real Estate Investments S.A.	100.00	99.40
GLL AMB Generali Bankcenter S.à.r.l.	092	EUR	41,393,476	G	11		100.00	GLL AMB Generali Cross-Border Property Fund FCP	100.00	100.00
Generali Real Estate Asset Repositioning S.A.	092	EUR	384,793,762	G	11		10.29	Generali Deutschland Lebensversicherung AG	100.00	99.47
							6.17	Generali Deutschland Krankenversicherung AG		
							4.12	Cosmos Lebensversicherungs Aktiengesellschaft		
							3.19	Generali España, S.A. de Seguros y Reaseguros		
							37.84	Generali Vie S.A.		
							38.39	Fondo Donizetti		
Generali Shopping Centre Fund GP S.à r.l.	092	EUR	12,000	G	11		100.00	Generali Real Estate S.p.A.	100.00	100.00
Generali Shopping Centre Fund S.C.S. SICAV-SIF	092	EUR	157,756,185	G	11		11.99	Generali Deutschland Lebensversicherung AG	100.00	99.60
							4.50	Generali Deutschland Versicherung AG		
							7.49	Generali Deutschland Krankenversicherung AG		
							6.00	Cosmos Lebensversicherungs Aktiengesellschaft		
							5.00	Generali España, S.A. de Seguros y Reaseguros		
							27.98	Generali Vie S.A.		

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding %				Interessenza totale[3]
						Direct	Indirect	Through	Total	
							36.98	Fondo Donizetti		
							0.06	Generali Shopping Centre Fund GP S.à r.l.		
Generali Financial Holding FCP-FIS - Sub-Fund 2	092	EUR	10,387,833	G	11		4.70	Generali Deutschland AG	100.00	99.81
							4.70	Alleanza Assicurazioni S.p.A.		
							10.00	Generali Vie S.A.		
							7.20	Genertellife S.p.A.		
							44.50	Generali Italia S.p.A.		
							28.90	Generali Participations Netherlands N.V.		
Generali España, S.A. de Seguros y Reaseguros	067	EUR	60,925,401	G	2		95.24	Generali España Holding de Entidades de Seguros S.A.	99.91	99.90
							4.67	Hermes Sociedad Limitada de Servicios Inmobiliarios y Generales		
Cajamar Vida S.A. de Seguros y Reaseguros	067	EUR	9,015,200	G	2		50.00	Generali España Holding de Entidades de Seguros S.A.	50.00	50.00
Cajamar Seguros Generales, S.A. de Seguros y Reaseguros	067	EUR	9,015,200	G	2		50.00	Generali España Holding de Entidades de Seguros S.A.	50.00	50.00
Europ Assistance Servicios Integrales de Gestion, S.A.	067	EUR	400,000	G	11		100.00	Europ Assistance S.A.	100.00	99.99
Generali España Holding de Entidades de Seguros S.A.	067	EUR	563,490,658	G	4	100.00			100.00	100.00
Hermes Sociedad Limitada de Servicios Inmobiliarios y Generales	067	EUR	24,933,093	G	10		100.00	Generali España, S.A. de Seguros y Reaseguros	100.00	99.90
Vitalicio Torre Cerdà S.l.	067	EUR	1,112,880	G	10		90.66	Generali España, S.A. de Seguros y Reaseguros	100.00	99.90
							9.34	Grupo Generali España, A.I.E.		
Grupo Generali España, A.I.E.	067	EUR	35,599,000	G	11		99.97	Generali España, S.A. de Seguros y Reaseguros	100.00	99.90
							0.01	Generali España Holding de Entidades de Seguros S.A.		
							0.01	Generali Seguros, S.A.		
Generali Cliente, Agencia de Seguros Exclusiva, SL	067	EUR	3,000	G	11		100.00	Generali España, S.A. de Seguros y Reaseguros	100.00	99.90
Preciados 9 Desarrollos Urbanos SL	067	EUR	3,032	G	10		100.00	Generali Europe Income Holding S.A.	100.00	98.92
GRE PAN-EU Madrid 2 SL	067	EUR	3,000	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.92
Generali Seguros, S.A.	055	EUR	209,097,097	G	2	100.00			100.00	100.00
AdvanceCare, Gestão de Serviços de Saúde, S.A.	055	EUR	4,500,000	G	11		100.00	Calm Eagle Portugal, Sociedad Unipersonal, Lda.	100.00	99.99
Calm Eagle Portugal, Sociedad Unipersonal, Lda.	055	EUR	2,995,123	G	11		100.00	Europ Assistance Holding S.A.S.	100.00	99.99
Esumédica - Prestação de Cuidados Médicos, S.A.	055	EUR	50,000	G	11		100.00	AdvanceCare, Gestão de Serviços de Saúde, S.A.	100.00	99.99
Advance Mediação de Seguros, Unipessoal Lda	055	EUR	5,000	G	11		100.00	AdvanceCare, Gestão de Serviços de Saúde, S.A.	100.00	99.99
Europ Assistance - Serviços de Assistencia Personalizados S.A.	055	EUR	250,000	G	11		99.98	Europ Assistance S.A.	99.98	99.97
GRE PAN-EU Lisbon 1, S.A.	055	EUR	50,000	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.92
GRE PAN-EU Lisbon Office Oriente, S.A.	055	EUR	12,250,000	G	11		100.00	GRE PAN-EU Lisbon 1, S.A.	100.00	98.92
Ponte Alta, SGPS, Unipessoal, Lda.	055	EUR	400,000	G	11		100.00	Europ Assistance S.A.	100.00	99.99
Europ Assistance Services S.A.	009	EUR	186,000	G	11		100.00	Europ Assistance S.A.	100.00	99.99
GRE PAN-EU Brussels 1 s.p.r.l.	009	EUR	18,550	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.92
GRE PAN-EU Brussels 2 S.A.	009	EUR	3,671,500	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.92
Generali Participations Netherlands N.V.	050	EUR	3,000,000,000	G	4	52.43			100.00	99.84
							11.21	Generali Beteiligungs-GmbH		

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding %				Interessenza totale[3]
						Direct	Indirect	Through	Total	
							5.32	Generali IARD S.A.		
							5.88	Generali Vie S.A.		
							2.80	Genertellife S.p.A.		
							22.35	Generali Italia S.p.A.		
Redoze Holding N.V.	050	EUR	22,690,000	G	9	6.02			100.00	99.92
							50.01	Generali Participations Netherlands N.V.		
							43.97	Transocean Holding LLC		
Generali Asia N.V.	050	EUR	250,000	G	4		100.00	Generali Participations Netherlands N.V.	100.00	99.84
Generali Turkey Holding B.V.	050	EUR	100,000	G	4		100.00	Generali Participations Netherlands N.V.	100.00	99.84
Saxon Land B.V.	050	EUR	15,576	G	10		30.00	Generali Deutschland AG	100.00	99.58
							30.00	Generali Vie S.A.		
							10.00	Alleanza Assicurazioni S.p.A.		
							10.00	Genertellife S.p.A.		
							20.00	Generali Italia S.p.A.		
Lion River I N.V.	050	EUR	644,415	G	9	26.86			100.00	99.57
							0.29	Generali Versicherung AG		
							0.03	BAWAG P.S.K. Versicherung AG		
							0.03	GP Reinsurance EAD		
							0.31	Generali Assurances Générales SA		
							0.06	Generali Česká PojišČovna a.s.		
							27.83	Generali Deutschland AG		
							0.53	Generali Deutschland Lebensversicherung AG		
							0.11	Generali Deutschland Versicherung AG		
							0.29	Generali Deutschland Krankenversicherung AG		
							0.19	Cosmos Lebensversicherungs Aktiengesellschaft		
							0.24	Generali España, S.A. de Seguros y Reaseguros		
							0.12	Generali IARD S.A.		
							28.74	Generali Vie S.A.		
							0.01	Generali Biztosító Zrt.		
							0.81	Alleanza Assicurazioni S.p.A.		
							0.11	Genertellife S.p.A.		
							1.65	Generali Italia S.p.A.		
							11.64	Lion River II N.V.		
							0.11	Generali CEE Holding B.V.		
							0.01	Generali PoisČovČa, a. s.		
Generali Horizon B.V.	050	EUR	90,760	G	9		100.00	Generali Participations Netherlands N.V.	100.00	99.84
Lion River II N.V.	050	EUR	48,500	G	9		2.06	Generali Beteiligungs-GmbH	100.00	99.82
							2.06	Generali Vie S.A.		
							2.06	Generali Italia S.p.A.		
							93.81	Generali Participations Netherlands N.V.		
Generali CEE Holding B.V.	275	CZK	2,621,820	G	4	100.00			100.00	100.00

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding %				Interessenza totale[3]
						Direct	Indirect	Through	Total	
CZI Holdings N.V.	050	CZK	2,662,000,000	G	4		100.00	Generali CEE Holding B.V.	100.00	100.00
CP Strategic Investments N.V.	050	EUR	225,000	G	9		100.00	Generali Česká PojišČovna a.s.	100.00	100.00
GW Beta B.V.	050	EUR	400,001,626	G	4		51.00	Generali Financial Holding FCP-FIS - Sub-Fund 2	100.00	99.91
							49.00	Generali CEE Holding B.V.		
Lumyna Investments Limited	031	USD	5,000,000	G	9		100.00	Generali Investments Holding S.p.A.	100.00	99.52
Nextam Partners Ltd	031	GBP	1,145,000	G	8		100.00	Banca Generali S.p.A.	100.00	50.81
Aperture Investors UK, Ltd	031	USD	8,143,426	G	8		100.00	Aperture Investors, LLC	100.00	69.67
Generali Saxon Land Development Company Ltd	031	GBP	250,000	G	11		30.00	Generali Deutschland AG	100.00	99.58
							30.00	Generali Vie S.A.		
							10.00	Alleanza Assicurazioni S.p.A.		
							10.00	Genertellife S.p.A.		
							20.00	Generali Italia S.p.A.		
Genirland Limited	040	EUR	113,660,000	G	4		100.00	Generali Participations Netherlands N.V.	100.00	99.84
Købmagergade 39 ApS	021	EUR	50,000	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.92
Generali Hellas Insurance Company S.A.	032	EUR	22,776,198	G	2	100.00			100.00	100.00
Europ Assistance Service Greece Single Member Private Company	032	EUR	540,000	G	11		100.00	Europ Assistance Holding S.A.S.	100.00	99.99
Generali Biztosító Zrt.	077	HUF	4,500,000,000	G	2		100.00	Generali CEE Holding B.V.	100.00	100.00
Európai Utazási Biztosító Zrt.	077	HUF	400,000,000	G	2		13.00	Europäische Reiseversicherung Aktiengesellschaft	74.00	70.75
							61.00	Generali Biztosító Zrt.		
Europ Assistance Magyarorszag Kft	077	HUF	24,000,000	G	11		74.00	Europ Assistance Holding S.A.S.	100.00	100.00
							26.00	Generali Biztosító Zrt.		
Vàci utca Center Üzletközpont Kft	077	HUF	4,497,122	G	10		100.00	Generali Immobilien GmbH	100.00	99.95
Generali-Ingatlan Vagyonkezelő és Szolgáltató Kft.	077	HUF	5,296,788,000	G	10		100.00	Generali Biztosító Zrt.	100.00	100.00
Generali Alapkezelő Zártkörűen Működő Részvénytársaság	077	HUF	500,000,000	G	8		74.00	Generali Biztosító Zrt.	100.00	100.00
							26.00	Generali CEE Holding B.V.		
Genertel Biztosító Zrt.	077	HUF	1,180,000,000	G	2		100.00	Generali Biztosító Zrt.	100.00	100.00
Pojišťovna Patricie a.s.	275	CZK	500,000,000	G	2		100.00	Generali Česká Pojišťovna a.s.	100.00	100.00
Europ Assistance s.r.o.	275	CZK	3,866,666	G	11		25.00	Generali Česká Pojišťovna a.s.	100.00	100.00
							75.00	Europ Assistance Holding S.A.S.		
Generali Česká distribuce, a.s.	275	CZK	2,000,000	G	10		100.00	Generali Česká Pojišťovna a.s.	100.00	100.00
GRE PAN-EU Prague 1 s.r.o.	275	EUR	1,000	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.92
PCS Praha Center Spol.s.r.o.	275	CZK	396,206,000	G	10		100.00	Generali Versicherung AG	100.00	99.95
Direct Care s.r.o.	275	CZK	1,000,000	G	11		100.00	Generali Česká Pojišťovna a.s.	100.00	100.00
Pařížská 26, s.r.o.	275	CZK	200,000	G	10		100.00	Generali Česká Pojišťovna a.s.	100.00	100.00
Palac Krizik a.s.	275	CZK	2,020,000	G	10		50.00	Generali Česká Pojišťovna a.s.	100.00	100.00
							50.00	Generali Real Estate Fund CEE a.s., investiční fond		
IDEE s.r.o.	275	CZK	200,000	G	10		100.00	Generali Real Estate Fund CEE a.s., investiční fond	100.00	100.00
Small GREF a.s.	275	CZK	198,000,000	G	10		21.21	Generali Česká Pojišťovna a.s.	100.00	100.00
							18.18	Generali Biztosító Zrt.		
							26.77	Generali Towarzystwo Ubezpieczeń Spółka Akcyjna		

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding %				Interessenza totale[3]
						Direct	Indirect	Through	Total	
							13.13	Generali Życie Towarzystwo Ubezpieczeń Spółka Akcyjna		
							20.71	Generali Poisťovňa, a. s.		
Náměstí Republiky 3a, s.r.o.	275	CZK	1,000,000	G	10		100.00	Generali Real Estate Fund CEE a.s., investiční fond	100.00	100.00
Mustek Properties, s.r.o.	275	CZK	200,000	G	11		100.00	Generali Real Estate Fund CEE a.s., investiční fond	100.00	100.00
Office Center Purkyňova, a.s.	275	CZK	2,000,000	G	11		100.00	Generali Real Estate Fund CEE a.s., investiční fond	100.00	100.00
British Corner s.r.o.	275	CZK	10,000	G	11		100.00	Generali Real Estate Fund CEE a.s., investiční fond	100.00	100.00
Ovocný Trh 2 s.r.o.	275	CZK	10,000	G	11		100.00	Generali Real Estate Fund CEE a.s., investiční fond	100.00	100.00
Palác Špork, a.s.	275	CZK	2,000,000	G	11		100.00	Generali Real Estate Fund CEE a.s., investiční fond	100.00	100.00
GRE PAN-EU Jeruzalemská s.r.o.	275	CZK	1,000	G	11		100.00	Generali Real Estate Asset Repositioning S.A.	100.00	99.47
První nemovitostní, a.s.	275	CZK	2,000,000	G	11		100.00	Generali Real Estate Asset Repositioning S.A.	100.00	99.47
PAN EU IBC Prague	275	CZK	30,000	G	11		100.00	Generali Core+ Fund GP	100.00	93.81
Generali Česká Pojišťovna a.s.	275	CZK	4,000,000,000	G	2		100.00	CZI Holdings N.V.	100.00	100.00
Generali penzijní společnost, a.s.	275	CZK	50,000,000	G	11		100.00	CP Strategic Investments N.V.	100.00	100.00
Česká pojišťovna ZDRAVÍ a.s.	275	CZK	105,000,000	G	2		100.00	Generali Česká Pojišťovna a.s.	100.00	100.00
Generali Investments CEE, Investiční Společnost, a.s.	275	CZK	91,000,000	G	8		100.00	CZI Holdings N.V.	100.00	100.00
Acredité s.r.o.	275	CZK	100,000	G	11		100.00	Generali Česká Pojišťovna a.s.	100.00	100.00
Generali Real Estate Fund CEE a.s., investiční fond	275	CZK	487,000,000	G	9		18.89	GP Reinsurance EAD	100.00	100.00
							24.23	Small GREF a.s.		
							56.88	Generali Česká Pojišťovna a.s.		
Solitaire Real Estate, a.s.	275	CZK	128,296,000	G	10		100.00	Generali Real Estate Fund CEE a.s., investiční fond	100.00	100.00
Transformovaný fond Generali penzijní společnosti, a.s.	275	CZK		G	11		100.00	Generali penzijní společnost, a.s.	100.00	100.00
Generali Poisťovňa, a. s.	276	EUR	25,000,264	G	2		100.00	Generali CEE Holding B.V.	100.00	100.00
Green Point Offices a.s.	276	EUR	25,000	G	10		100.00	Generali Česká Pojišťovna a.s.	100.00	100.00
Generali Towarzystwo Ubezpieczeń Spółka Akcyjna	054	PLN	191,000,000	G	2		100.00	Generali CEE Holding B.V.	100.00	100.00
Generali Życie Towarzystwo Ubezpieczeń Spółka Akcyjna	054	PLN	63,500,000	G	2		100.00	Generali CEE Holding B.V.	100.00	100.00
Concordia Polska Towarzystwo Ubezpieczeń S.A.	054	PLN	66,260,270	G	2		100.00	Generali CEE Holding B.V.	100.00	100.00
Generali Investments Towarzystwo Fundusy Inwestycyjnych S.A.	054	PLN	21,687,900	G	8		100.00	Generali CEE Holding B.V.	100.00	100.00
Europ Assistance Polska Sp.zo.o.	054	PLN	5,000,000	G	11		100.00	Europ Assistance Holding S.A.S.	100.00	99.99
Plac M GP Spółka Z Ograniczoną Odpowiedzialnością	054	EUR	1,572	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.92
Plac M LP Spółka Z Ograniczoną Odpowiedzialnością	054	EUR	3,493,490	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.92
BILIKI Plac M	054	EUR	11,645	G	11		100.00	Plac M LP Spółka Z Ograniczoną Odpowiedzialnością	100.00	98.92
SO SPV 57 Sp. Z o.o.	054	EUR	16,724,050	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.92
Generali Finance spółka z ograniczoną odpowiedzialnością	054	PLN	15,230,000	G	11		100.00	Generali Towarzystwo Ubezpieczeń Spółka Akcyjna	100.00	100.00
Generali Powszechne Towarzystwo Emerytalne S.A.	054	PLN	78,000,000	G	11		100.00	Generali Towarzystwo Ubezpieczeń Spółka Akcyjna	100.00	100.00
PL Investment Jerozolimskie I Spòlka Ograniczona Odpowiedzialnościa	054	PLN	9,050	G	11		100.00	Generali Real Estate Fund CEE a.s., investiční fond	100.00	100.00
Cleha Invest Sp. z o.o.	054	PLN	1,314,300	G	10		100.00	Generali Real Estate Fund CEE a.s., investiční fond	100.00	100.00
SIBSEN Invest sp. z o.o.	054	PLN	16,764,000	G	11		100.00	Generali Real Estate Fund CEE a.s., investiční fond	100.00	100.00

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding % Direct	Indirect	Through	Total	Interessenza totale[3]
LORANZE sp z o.o.	054	PLN	5,000	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.92
Generali zavarovalnica d.d. Ljubljana	260	EUR	39,520,356	G	2		100.00	Generali CEE Holding B.V.	100.00	100.00
Generali Investments, družba za upravljanje, d.o.o.	260	EUR	1,767,668	G	8		100.00	Generali zavarovalnica d.d. Ljubljana	100.00	100.00
Generali Societate de Administrare a Fondurilor de Pensii Private S.A.	061	RON	67,000,000	G	11		0.01	S.C. Generali Romania Asigurare Reasigurare S.A.	100.00	100.00
							99.99	Generali CEE Holding B.V.		
S.C. Generali Romania Asigurare Reasigurare S.A.	061	RON	178,999,222	G	2		99.97	Generali CEE Holding B.V.	99.97	99.97
Generali Insurance AD	012	BGN	47,307,180	G	2		99.78	Generali CEE Holding B.V.	99.78	99.78
Generali Zakrila Medical and Dental Centre EOOD	012	BGN	4,114,100	G	11		100.00	Generali Insurance AD	100.00	99.78
GP Reinsurance EAD	012	CZK	53,400,000	G	5		100.00	Generali CEE Holding B.V.	100.00	100.00
Generali Osiguranje d.d.	261	HRK	81,000,000	G	3		100.00	Generali CEE Holding B.V.	100.00	100.00
Generali Assurances Générales SA	071	CHF	27,342,400	G	3		99.98	Generali (Schweiz) Holding AG	99.98	99.95
Generali Personenversicherungen AG	071	CHF	106,886,890	G	3		100.00	Generali (Schweiz) Holding AG	100.00	99.97
Fortuna Rechtsschutz-Versicherung-Gesellschaft AG	071	CHF	3,000,000	G	3		100.00	Generali (Schweiz) Holding AG	100.00	99.97
Europ Assistance (Suisse) S.A.	071	CHF	200,000	G	11		100.00	Europ Assistance (Suisse) Holding S.A.	100.00	70.00
Europ Assistance (Suisse) Assurances S.A.	071	CHF	4,900,000	G	3		100.00	Europ Assistance (Suisse) Holding S.A.	100.00	70.00
Europ Assistance (Suisse) Holding S.A.	071	CHF	1,400,000	G	4		70.00	Europ Assistance Holding S.A.S.	70.00	70.00
Generali (Schweiz) Holding AG	071	CHF	4,332,000	G	4	51.05			100.00	99.97
							20.01	Generali Versicherung AG		
							28.94	Redoze Holding N.V.		
Fortuna Investment AG	071	CHF	1,000,000	G	8		100.00	Generali (Schweiz) Holding AG	100.00	99.97
BG Valeur S.A.	071	CHF	3,000,000	G	11		90.10	Banca Generali S.p.A.	90.10	45.78
Fortuna Lebens-Versicherungs AG	090	CHF	10,000,000	G	3		100.00	Generali (Schweiz) Holding AG	100.00	99.97
Generali Sigorta A.S.	076	TRY	407,485,822	G	3		99.97	Generali Turkey Holding B.V.	99.97	99.81
Europ Assistance Yardım ve Destek Hizmetleri Ticaret Anonim Şirketi	076	TRY	1,804,000	G	11		100.00	Europ Assistance Holding S.A.S.	100.00	99.99
Akcionarsko društvo za osiguranje Generali Osiguranje Montenegro	290	EUR	4,399,000	G	3		26.82	Akcionarsko društvo za osiguranje Generali Osiguranje Srbija, Beograd	100.00	100.00
							7.93	Akcionarsko društvo za reosiguranje Generali Reosiguranje Srbija, Beograd		
							65.24	Generali CEE Holding B.V.		
Europ Assistance CEI OOO	262	RUB	10,000	G	11		100.00	Europ Assistance Holding S.A.S.	100.00	99.99
OOO Generali Russia and CIS	262	RUB	50,000	G	4		100.00	GW Beta B.V.	100.00	99.91
Generali Insurance Brokers – Russia and CIS Limited Liability Company	262	RUB	3,000,000	G	11		100.00	OOO Generali Russia and CIS	100.00	99.91
Akcionarsko društvo za osiguranje Generali Osiguranje Srbija, Beograd	289	RSD	2,131,997,310	G	3		0.05	GP Reinsurance EAD	100.00	100.00
							99.95	Generali CEE Holding B.V.		
Akcionarsko društvo za reosiguranje Generali Reosiguranje Srbija, Beograd	289	RSD	616,704,819	G	6		0.01	GP Reinsurance EAD	100.00	100.00
							99.99	Akcionarsko društvo za osiguranje Generali Osiguranje Srbija, Beograd		
Akcionarsko društvo za upravljanje dobrovoljnim penzijskim fondom Generali	289	RSD	135,000,000	G	11		100.00	Akcionarsko društvo za osiguranje Generali Osiguranje Srbija, Beograd	100.00	100.00
Generali Global Assistance Inc.	069	USD	5,000,000	G	11		100.00	Europ Assistance North America, Inc.	100.00	99.99
Europ Assistance North America, Inc.	069	USD	122,061,342	G	4		100.00	Europ Assistance Holding S.A.S.	100.00	99.99

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[(1)]	Activity[(2)]	Shareholding % Direct	Indirect	Through	Total	Interessenza totale[(3)]
Customized Services Administrators Inc.	069	USD	2,389,162	G	11		100.00	Europ Assistance North America, Inc.	100.00	99.99
GMMI, Inc.	069	USD	400,610	G	11		100.00	Europ Assistance North America, Inc.	100.00	99.99
CareLinx Inc.	069	USD	33,558,708	G	11		82.95	Europ Assistance North America, Inc.	82.95	82.94
Trip Mate, Inc.	069	USD	16,244,773	G	11		100.00	Europ Assistance North America, Inc.	100.00	99.99
Transocean Holding LLC	069	USD	194,980,600	G	9	100.00			100.00	100.00
General Securities Corporation of North America	069	USD	364,597	G	9		1.00	Generali North American Holding 1 S.A.	100.00	99.48
							1.00	Generali North American Holding 2 S.A.		
							1.00	Generali North American Holding S.A.		
							97.00	GNAREH 1 Farragut LLC		
Generali Alpha Corp.	069	USD	28,572,000	G	9		100.00	Generali Investments Holding S.p.A.	100.00	99.52
Aperture Investors, LLC	069	USD	40,000,000	G	9		70.00	Generali Alpha Corp.	70.00	69.67
GNAREH 1 Farragut LLC	069	USD	34,421,491	G	10		1.00	General Securities Corporation of North America	100.00	99.47
							35.73	Generali North American Holding 1 S.A.		
							21.09	Generali North American Holding 2 S.A.		
							42.18	Generali North American Holding S.A.		
GNAREI 1 Farragut LLC	069	USD	34,037,500	G	10		100.00	GNAREH 1 Farragut LLC	100.00	99.47
Genamerica Management Corporation	069	USD	100,000	G	11	100.00			100.00	100.00
Generali Consulting Solutions LLC	069	USD	1,000,000	G	11	100.00			100.00	100.00
Generali Warranty Services, LLC	069	USD	1,269,558	G	11		100.00	Generali Consulting Solutions LLC	100.00	100.00
CMN Global Inc.	013	CAD	1,208,011	G	11	100.00			100.00	100.00
Caja de Seguros S.A.	006	ARS	228,327,700	G	3		99.01	Caja de Ahorro y Seguro S.A.	100.00	90.05
							0.99	Generali Participations Netherlands N.V.		
Europ Assistance Argentina S.A.	006	ARS	86,574,949	G	11		43.91	Caja de Seguros S.A.	100.00	95.63
							56.09	Ponte Alta, SGPS, Unipessoal, Lda.		
Caja de Ahorro y Seguro S.A.	006	ARS	269,000,000	G	4	62.50			90.00	89.96
							27.50	Genirland Limited		
Ritenere S.A.	006	ARS	530,000	G	11		2.85	Caja de Seguros S.A.	100.00	89.96
							97.15	Caja de Ahorro y Seguro S.A.		
Generali Brasil Seguros S.A.	011	BRL	1,563,400,726	G	3	99.37			100.00	100.00
							0.63	Transocean Holding LLC		
AG SE&A Prestação de Serviços e Partecipações Ltda.	011	BRL	150,000	G	11	99.99			99.99	99.99
Asesoria e Inversiones Los Olmos SA	015	CLP	4,769,708,625	G	11		0.92	Generali Participations Netherlands N.V.	100.00	47.53
							99.08	Atacama Investments Ltd		
AFP Planvital S.A.	015	CLP	36,243,962,493	G	11		86.11	Asesoria e Inversiones Los Olmos SA	86.11	40.93
Europ Servicios S.p.A.	015	CLP	1,037,476	G	11		100.00	Europ Assistance SA	100.00	50.96
Europ Assistance SA	015	CLP	740,895,029	G	11		25.48	Europ Assistance Holding S.A.S.	50.96	50.96
							25.48	Ponte Alta, SGPS, Unipessoal, Lda.		
Generali Ecuador Compañía de Seguros S.A.	024	USD	8,000,000	G	3	52.45			52.45	52.45
Atacama Investments Ltd	249	USD	76,713	G	9		47.12	Generali Participations Netherlands N.V.	47.12	47.05
Europ Assistance Pacifique	253	XPF	10,000,000	G	11		75.00	Europ Assistance Holding S.A.S.	75.00	75.00
PT Asuransi Jiwa Generali Indonesia	129	IDR	1,103,000,000,000	G	3		98.00	Generali Asia N.V.	98.00	97.84

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method(1)	Activity(2)	Shareholding % Direct	Indirect	Through	Total	Interessenza totale(3)
PT Generali Services Indonesia	129	IDR	11,376,454	G	10		1.00	Generali IARD S.A.	100.00	98.60
							99.00	Generali Vie S.A.		
Generali Life Assurance Philippines, Inc.	027	PHP	2,300,000,000	G	3		100.00	Generali Asia N.V.	100.00	99.84
Generali Life Assurance (Thailand) Public Co. Ltd	072	THB	3,777,000,000	G	3		49.00	Generali Asia N.V.	93.38	91.01
							44.38	KAG Holding Company Ltd		
Generali Insurance (Thailand) Public Co. Ltd	072	THB	1,492,000,000	G	3		48.93	Generali Asia N.V.	89.95	87.75
							41.02	KAG Holding Company Ltd		
IWF Holding Company Ltd	072	THB	2,300,000	G	4		43.48	Generali Participations Netherlands N.V.	100.00	94.52
							56.52	DWP Partnership		
KAG Holding Company Ltd	072	THB	2,347,373,000	G	4		5.77	Generali Asia N.V.	100.00	94.82
							94.23	IWF Holding Company Ltd		
FTW Company Limited	072	THB	500,000	G	4		90.57	Generali Asia N.V.	90.57	90.43
MGD Company Limited	072	THB	500,000	G	4		90.57	Generali Asia N.V.	90.57	90.43
DWP Partnership	072	THB	200,000	G	4		50.00	FTW Company Limited	100.00	90.43
							50.00	MGD Company Limited		
Generali Vietnam Life Insurance Limited Liability Company	062	VND	7,202,600,000,000	G	3	100.00			100.00	100.00
Europ Assistance India Private Ltd	114	INR	296,540,000	G	11		100.00	Europ Assistance Holding S.A.S.	100.00	99.99
Generali China Life Insurance Co. Ltd	016	CNY	3,700,000,000	G	3	50.00			50.00	50.00
Europ Assistance Travel Assistance Services (Beijing) Co Ltd	016	CNY	144,420,056	G	11		100.00	Europ Assistance Holding S.A.S.	100.00	99.99
Europ Assistance Insurance Brokers Co., Ltd. (China)	016	CNY	50,000,000	G	11		100.00	Europ Assistance Brokerage Solutions S.a.r.l.	100.00	99.99
Generali China Assets Management Company Co. Ltd	016	CNY	200,000,000	G	9		80.00	Generali China Life Insurance Co. Ltd	80.00	40.00
Generali Insurance Agency Company Limited	016	CNY	216,094,352	G	11		100.00	NKFE Insurance Agency Company Limited	100.00	100.00
Generali Services Pte. Ltd.	147	SGD	410,006	G	11		100.00	Generali Asia N.V.	100.00	99.84
Generali Financial Asia Limited	103	HKD	306,696,265	G	9	100.00			100.00	100.00
Generali Life (Hong Kong) Limited	103	HKD	675,000,000	G	3		100.00	Generali Asia N.V.	100.00	99.84
NKFE Insurance Agency Company Limited	103	HKD	249,255,850	G	11		100.00	Generali Financial Asia Limited	100.00	100.00
Europ Assistance Worldwide Services (South Africa) (Pty) Ltd	078	ZAR	881,385	G	11		87.50	Europ Assistance Holding S.A.S.	87.50	87.50
EASA Training Academy (Pty) Ltd	078	ZAR	100	G	11		100.00	Europ Assistance Worldwide Services (South Africa) (Pty) Ltd	100.00	87.50

The percentage of consolidation in each subsidiaries consolidated line by line is 100%.

(1) Consolidation Method: Line-by-line consolidation method =G, Proportionate consolidation method = P, Line-by-line consolidation method arising from joint management = U

(2) 1=Italian Insurance companies; 2=EU Insurance companies; 3=non EU Insurance companies; 4=Insurance holding companies; 5=EU Reinsurance companies; 6=non EU Reinsurance companies; 7=Banks; 8=Asset Management companies; 9=other Holding companies; 10=Real Estate companies; 11=other

(3) Net Group participation percentage.

The total percentage of votes exercitable at shereholders'general meeting, which differs from that of direct on indirect shareholding, is a follows:

Generali France S.A. 100.00%

Atacama Investments Ltd 100.00%

Europ Assistance SA 66.66%

Non-Consolidated Subsidiaries and Associated Companies

Company	Country	Currency	Share capital in original currency	Method[(1)]	Activity[(2)]	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio[(3)]	Book Value (€ thousand)
Generali CyberSecurTech S.r.l.	086	EUR	10,000	a	11	100.00			100.00	100.00	1,410
Risparmio Assicurazioni S.p.A. in liquidazione	086	EUR	150,000	a	11		100.00	Generali Italia S.p.A.	100.00	100.00	
Società Cattolica di Assicurazione - Società cooperativa (*)	086	EUR	685,043,940	b	1	24.46			24.46	24.46	360,572
Initium S.r.l. in liquidazione (*)	086	EUR	250,000	b	10		49.00	Generali Italia S.p.A.	49.00	49.00	5
Sementi Dom Dotto S.p.A.	086	EUR	3,500,000	a	11		100.00	Genagricola - Generali Agricoltura S.p.A.	100.00	100.00	3,820
Finagen S.p.A. Società in liquidazione	086	EUR	6,700,000	a	8		0.10	Generali Italia S.p.A.	100.00	100.00	3,249
							99.90	Alleanza Assicurazioni S.p.A.			
Investimenti Marittimi S.p.A.	086	EUR	39,655,000	b	9		30.00	Generali Italia S.p.A.	30.00	30.00	
Servizi Tecnologici Avanzati S.p.A.	086	EUR	102,000	b	11	25.00			25.00	25.00	
UrbeRetail (*)	086	EUR	153,850,794	b	11		9.09	Alleanza Assicurazioni S.p.A.	32.47	32.47	48,113
							16.89	Generali Italia S.p.A.			
							6.49	Genertellife S.p.A.			
Urbe Retail Real Estate S.r.l.	086	EUR	100,000	b	11		100.00	UrbeRetail	100.00	32.47	
BG Saxo SIM S.p.A. (*)	086	EUR	5,000,000	c	8		19.90	Banca Generali S.p.A.	19.90	10.11	2,792
Telco S.p.A.	086	EUR	687,375	b	8	9.07			16.98	16.98	49
							3.57	Alleanza Assicurazioni S.p.A.			
							3.76	Generali Italia S.p.A.			
							0.12	Generali Deutschland Versicherung AG			
							0.28	Generali Deutschland Lebensversicherung AG			
							0.11	Generali Deutschland Krankenversicherung AG			
							0.08	Cosmos Lebensversicherungs Aktiengesellschaft			
CityLife Sviluppo 3 S.r.l.	086	EUR	10,000	a	10		100.00	CityLife S.p.A.	100.00	100.00	7
CityLife Square Garden - Gestioni S.r.l.	086	EUR	10,000	a	10		100.00	CityLife S.p.A.	100.00	100.00	207
CityLife Sviluppo 5 S.r.l.	086	EUR	10,000	a	10		100.00	Generali Real Estate S.p.A. SGR	100.00	100.00	318
CityLife Sviluppo 6 S.r.l.	086	EUR	10,000	a	10		100.00	Generali Italia S.p.A.	100.00	100.00	8
Fondo Yielding (*)	086	EUR	248,079,480	b	11		45.00	Generali Europe Income Holding S.A.	45.00	44.51	121,913
Solaris S.r.l. in liquidazione	086	EUR	20,000	b	10		50.00	Generali Italia S.p.A.	50.00	50.00	
D.L.S. & Parners Società tra avvocati a.r.l.	086	EUR	15,000	b	11		33.33	D.A.S. Legal Services S.r.l.	33.33	16.67	6
Gexta S.r.l.	086	EUR	59,060	a	11		100.00	Generali Italia S.p.A.	100.00	100.00	2,173
Arte Generali GmbH	094	EUR	25,000	a	11		100.00	Generali Deutschland AG	100.00	100.00	7,625
Generali Deutschland Alternative Investments Verwaltungs GmbH	094	EUR	25,000	a	9		100.00	Generali Deutschland AG	100.00	100.00	25
vSPS Management GmbH i. L.	094	EUR	25,000	a	11		100.00	Generali Deutschland Versicherung AG	100.00	100.00	155
Generali Deutschland Rechtsschutz Service GmbH	094	EUR	25,000	a	11		100.00	Generali Deutschland AG	100.00	100.00	29
Generali – The Human Safety Net – Deutschland gemeinnützige GmbH	094	EUR	25,000	a	11		100.00	Generali Deutschland AG	100.00	100.00	
Pflegix GmbH	094	EUR	65,743	c	11		49.04	Europ Assistance S.A.	49.04	49.04	2,710
BBG Beteiligungsgesellschaft m.b.H.	094	EUR	25,600	a	9		100.00	Deutsche Bausparkasse Badenia Aktiengesellschaft	100.00	100.00	32
Alstercampus Verwaltungsgesellschaft mbH	094	EUR	25,000	a	9		50.00	Generali Real Estate S.p.A.	50.00	50.00	

Non-Consolidated Subsidiaries and Associated Companies

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding %				Group Equity Ratio[3]	Book Value (€ thousand)
						Direct	Indirect	Through	Total		
Generali Partner GmbH	094	EUR	250,000	a	11		100.00	Generali Deutschland AG	100.00	100.00	945
Generali Deutschland Immobilien Verwaltungs GmbH	094	EUR	35,000	a	10		100.00	Generali Real Estate S.p.A.	100.00	100.00	35
Zweite AM RE Verwaltungs GmbH	094	EUR	25,000	a	9		100.00	Generali Deutschland Versicherung AG	100.00	100.00	25
Generali Akademie GmbH i.L.	094	EUR	25,600	a	11		100.00	Generali Deutschland Versicherung AG	100.00	100.00	
Deutsche Vermögensberatung Aktiengesellschaft DVAG (*)	094	EUR	150,000,000	b	11		40.00	Generali Deutschland AG	40.00	40.00	228,708
Generali SicherungsTreuhand GmbH	094	EUR	52,000	a	11		100.00	Generali Deutschland AG	100.00	100.00	112
Central Fixed Assets GmbH	094	EUR	25,000	a	9		100.00	Generali Deutschland Krankenversicherung AG	100.00	100.00	25
AVW Versicherungsmakler GmbH	094	EUR	1,550,000	b	11		26.00	Dialog Versicherung Aktiengesellschaft	26.00	26.00	2,232
AM RE Verwaltungs GmbH	094	EUR	25,000	a	9		100.00	Generali Deutschland Lebensversicherung AG	100.00	100.00	25
Generali Deutschland Versicherungsvermittlung GmbH	094	EUR	25,000	a	11		100.00	Generali Deutschland Versicherung AG	100.00	100.00	25
VOV GmbH	094	EUR	154,000	b	11		43.00	Generali Deutschland Versicherung AG	43.00	43.00	1,735
Louisen-Center Bad Homburg Verwaltungsgesellschaft mbH	094	EUR	25,000	a	10		94.90	Generali Deutschland AG	94.90	94.90	24
Verwaltungsgesellschaft Marienplatz-Galerie Schwerin mbH	094	EUR	25,000	a	10		100.00	Generali Deutschland Versicherung AG	100.00	100.00	25
GLL AMB Generali Properties Fund I GmbH & Co. KG	094	EUR	580,210	a	11		99.99	GLL AMB Generali Cross-Border Property Fund FCP	99.99	99.99	580
GLL AMB Generali Properties Fund II GmbH & Co. KG	094	EUR	3,000,000	a	11		99.91	GLL AMB Generali Cross-Border Property Fund FCP	99.91	99.91	250
GLL AMB Generali 200 State Street	094	EUR	10,044,506	a	11		99.50	GLL AMB Generali Cross-Border Property Fund FCP	99.50	99.50	7,295
Association pour La Location du Moncey	029	EUR	3,070,809	a	11		100.00	Generali Vie S.A.	100.00	98.60	
Equi#Generali S.A.S.	029	EUR	7,223	a	9		100.00	HELMETT	100.00	98.60	
HELMETT	029	EUR	1,508,000	a	11		100.00	Cofifo S.A.S.	100.00	98.60	15,939
ASSERCAR SAS	029	EUR	37,000	b	11		14.87	L'Equité S.A. Cie d'Assurances et Réass. contre les risques de toute nature	29.73	29.31	660
							14.87	Generali IARD S.A.			
Altaprofits	029	EUR	4,759,035	a	11		59.12	Cofifo S.A.S.	100.00	98.60	41,116
							40.88	Generali France S.A.			
Trieste Courtage S.A.	029	EUR	39,000	a	11		99.89	Generali France S.A.	99.96	98.56	39
							0.02	L'Equité S.A. Cie d'Assurances et Réass. contre les risques de toute nature			
							0.02	Generali Vie S.A.			
							0.04	Generali IARD S.A.			
Generali 7 S.A.	029	EUR	270,000	a	11		0.06	Generali Vie S.A.	99.89	98.49	
							99.83	Generali France S.A.			
PMC Treize Montluçon S.A.S.	029	EUR	3,371,730	a	9		20.79	Cofifo S.A.S.	100.00	98.60	5,746
							79.21	Generali France S.A.			
Kareo Horizon S.A.S.	029	EUR	555,000	a	11		60.00	Cofifo S.A.S.	60.00	59.16	325
Risque et Sérénité S.A.	029	EUR	6,135,300	a	11		41.52	Generali Vie S.A.	51.52	50.80	1,523
							10.00	Generali France S.A.			
MAPREG	029	EUR	181,374	b	11		32.13	Generali France S.A.	32.13	31.68	2,706

Non-Consolidated Subsidiaries and Associated Companies

Company	Country	Currency	Share capital in original currency	Method[(1)]	Activity[(2)]	Shareholding %				Group Equity Ratio[(3)]	Book Value (€ thousand)
						Direct	Indirect	Through	Total		
GF Sante S.A.S.	029	EUR	921,150	a	11		100.00	Cofifo S.A.S.	100.00	98.60	
ABT SAS	029	EUR	125,000	c	11		25.00	Generali France S.A.	25.00	24.65	18
Reunion Aerienne & Spatiale SAS	029	EUR	999,999	c	11		33.33	Generali IARD S.A.	33.33	32.87	
SAP BEA	029	EUR	10,000	c	11		100.00	Bien Être Assistance S.A.S.	100.00	99.99	10
GGI GP SAS	029	EUR	12,500	a	11		100.00	Generali Global Infrastructure S.A.S.	100.00	50.76	13
Generali Global Pension S.A.S.	029	EUR	6,015,000	a	11		40.00	Cofifo S.A.S.	100.00	98.97	6,008
							40.00	Generali Investments Holding S.p.A.			
							20.00	Generali Luxembourg S.A.			
Agence Generali Béthune S.A.S.	029	EUR	15,000	a	11		100.00	Cofifo S.A.S.	100.00	98.60	32
Agence Generali Sézanne S.A.S.	029	EUR	15,000	a	11		100.00	Generali France S.A.	100.00	98.60	49
Generali 14 S.A.S.	029	EUR	15,000	a	11		100.00	Generali France S.A.	100.00	98.60	10,026
Generali Chatou	029	EUR	15,000	a	11		100.00	Generali France S.A.	100.00	98.60	
Generali 16 S.A.S.	029	EUR	15,000	a	11		100.00	Generali France S.A.	100.00	98.60	8
Generali Collectives S.A.S.	029	EUR	37,000	a	11		0.10	Generali France S.A.	100.00	98.60	32
							99.90	Generali Vie S.A.			
Generali 18 S.A.	029	EUR	37,000	a	11		99.97	Generali Vie S.A.	100.00	98.60	37
							0.03	Generali France S.A.			
Generali 19 S.A.	029	EUR	37,000	a	11		99.97	Generali France S.A.	100.00	98.60	37
							0.03	Generali Vie S.A.			
Aliance Klesia Generali (*)	029	EUR	342,000,000	b	4		44.00	Generali Vie S.A.	44.00	43.38	135,408
Advize Group	029	EUR	4,843,809	b	11		13.25	Generali Vie S.A.	13.25	13.07	1,001
Klesia SA (*)	029	EUR	341,999,998	b	2		100.00	Aliance Klesia Generali	100.00	43.38	
Elics Services Holding	029	EUR	108,450	a	11		80.00	Europ Assistance Holding S.A.S.	80.00	80.00	18,394
SAS 100 CE (*)	029	EUR	64,967,080	c	10		50.00	Generali Europe Income Holding S.A.	50.00	49.46	20,943
Human Safety Net France	029	EUR	49,967,080	a	11		100.00	Generali France S.A.	100.00	98.60	
FONDS DE DOTATION THE HUMAN SAFETY NET FRANCE	029	EUR	15,000	a	11		20.00	Generali France S.A.	80.00	78.88	
							20.00	Generali Vie S.A.			
							20.00	Generali IARD S.A.			
							20.00	L'Equité S.A. Cie d'Assurances et Réass. contre les risques de toute nature			
SCI La Creole	029	EUR	3,111,048	a	10		99.99	Prudence Creole	99.99	94.46	
SCI Les 3 Collines Le Ferandou	029	EUR	304,000	b	10		15.00	Generali Vie S.A.	48.30	47.62	142
							33.30	Generali IARD S.A.			
SCE Château La Pointe	029	EUR	2,068,903	a	11		100.00	Generali Vie S.A.	100.00	98.60	35,646
Bois Colombes Europe Avenue SCI (*)	029	EUR	1,000	c	10		50.00	Generali Vie S.A.	50.00	49.30	6,074
SCI 11/15 Pasquier (*)	029	EUR	6,437,750	c	10		50.00	Generali IARD S.A.	50.00	49.30	10,599
SCI 9 Messine (*)	029	EUR	2,420,250	c	10		50.00	Generali Vie S.A.	50.00	49.30	4,739
SCI Daumesnil (*)	029	EUR	16,753,270	c	10		50.00	Generali IARD S.A.	50.00	49.30	19,886
SCI Malesherbes (*)	029	EUR	32,930,674	c	10		50.00	Generali Vie S.A.	50.00	49.30	23,143
SCI 15 Scribe (*)	029	EUR	14,738,000	c	10		50.00	Generali IARD S.A.	50.00	49.30	24,448
SCI CIC	029	EUR	1,000,000	a	10		100.00	GFA Caraïbes	100.00	98.60	

Non-Consolidated Subsidiaries and Associated Companies

Company	Country	Currency	Share capital in original currency	Method(1)	Activity(2)	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio(3)	Book Value (€ thousand)
SCI GFA Caraibes	029	EUR	1,500,000	a	10		100.00	GFA Caraïbes	100.00	98.60	1,420
SAS PROMA SERVICES	029	EUR	15,000	a	10		100.00	Generali Real Estate S.p.A.	100.00	100.00	15
Lead Equities II. Auslandsbeteiligungs AG	008	EUR	730,000	b	9		21.59	Generali Versicherung AG	21.59	21.58	
Lead Equities II. Private Equity Mittelstandsfinanzierungs AG	008	EUR	7,300,000	b	9		21.59	Generali Versicherung AG	21.59	21.58	
Bonus Pensionskassen AG (*)	008	EUR	5,087,098	b	11		50.00	Generali Versicherung AG	50.00	49.97	27,959
Apleona RE JV	008	EUR	40,000	c	11		40.00	Generali Real Estate S.p.A.	40.00	40.00	40
Generali 3 Banken Holding AG (*)	008	EUR	70,000	b	9		49.30	Generali Versicherung AG	49.30	49.27	120,087
3 Banken-Generali Investment-Gesellschaft m.b.H. (*)	008	EUR	2,600,000	b	8		48.57	Generali Versicherung AG	48.57	48.55	2,489
Risk-Aktiv Versicherungsservice GmbH	008	EUR	35,000	a	11		100.00	Generali Versicherung AG	100.00	99.95	35
BONUS Vorsorgekasse AG (*)	008	EUR	1,500,000	b	11		50.00	Generali Versicherung AG	50.00	49.97	
Generali Betriebsrestaurants-GmbH	008	EUR	36,336	a	11		100.00	Generali Versicherung AG	100.00	99.95	484
Point Partners GP Holdco S.à r.l. (*)	092	EUR	25,000	b	11		25.00	Generali European Retail Investments Holdings S.A.	25.00	24.85	
Point Partners Special Limited Partnership (*)	092	GBP	55,102,630	b	11		25.00	Generali European Retail Investments Holdings S.A.	25.00	24.85	
Generali Employee Benefits Network S.A.	092	EUR	50,000	a	11	100.00			100.00	100.00	1,000
GRE PAN-EU Frankfurt 2 S.à r.l. (*)	092	EUR	33,002,000	c	10		50.00	Generali Europe Income Holding S.A.	50.00	49.46	13,279
GGI Senior Infrastructure Debt GP S.à r.l.	092	EUR	12,000	a	11		100.00	Generali Global Infrastructure S.A.S.	100.00	50.76	12
GGI Lux Investments GP S.à. r.l.	092	EUR	13,000	a	11		100.00	Generali Global Infrastructure S.A.S.	100.00	50.76	12
GLL AMB Generali City22 S.à.r.l.	092	EUR	200,000	a	11		100.00	GLL AMB Generali Cross-Border Property Fund FCP	100.00	100.00	200
Holding Klege S.à.r.l. (*)	092	EUR	12,500	c	9		50.00	Torelli S.à.r.l.	50.00	49.70	
Europ Assistance Travel S.A.	067	EUR	60,101	a	11		100.00	Europ Assistance Servicios Integrales de Gestion, S.A.	100.00	99.99	219
Zaragoza Properties, S.A.U. (*)	067	EUR	176,392,124	c	10		50.00	Generali Shopping Centre Fund S.C.S. SICAV-SIF	50.00	49.80	98
Puerto Venecia Investments, S.A.U. (*)	067	EUR	4,007,000	c	11		100.00	Zaragoza Properties, S.A.U.	100.00	49.80	
Keviana – Empreendimentos Imobiliários, S.A.	055	EUR	50,000	a	10		100.00	Generali Vie S.A.	100.00	98.60	
Amulio Governance N.V.	050	EUR	18,000	c	9		50.00	Lion River II N.V.	50.00	49.91	9
Sigma Real Estate B.V. (*)	050	EUR	18,000	c	9		22.34	Corelli S.à.r.l.	22.34	22.21	
La Reunion Aerienne London Limited	031	GBP	51,258	b	11		33.33	Generali IARD S.A.	33.33	32.87	
Ioca Entertainment Limited (*)	031	GBP	10,000	b	11		35.00	Banca Generali S.p.A.	35.00	17.78	
Citadel Insurance plc	105	EUR	5,000,400	b	3		20.16	Generali Italia S.p.A.	20.16	20.16	978
Roar Biztosítási És Pénzügyi Közvetítő Korlátolt Felelősségű Társaság	077	HUF	12,000,000	a	11		100.00	Generali Biztosító Zrt.	100.00	100.00	345
GP Consulting Pénzügyi Tanácsadó Kft.	077	HUF	22,000,000	a	11		100.00	Generali Biztosító Zrt.	100.00	100.00	478
AUTOTÁL Biztosítási Szolgáltató Kft	077	HUF	104,000,000	a	11		100.00	Generali Biztosító Zrt.	100.00	100.00	882
Top Torony Zrt. (*)	077	HUF	100,064,644	c	11		50.00	GLL AMB Generali Bankcenter S.à.r.l.	50.00	50.00	58,054
Nadace GCP	275	CZK	1,000,000	a	11		100.00	Generali Česká Pojišťovna a.s.	100.00	100.00	133
VUB Generali dôchodková správcovská spoločnosť, a.s. (*)	276	EUR	10,090,976	b	11		50.00	Generali Poisťovňa, a. s.	50.00	50.00	10,978
Generali IT S.r.o.	276	EUR	165,970	a	11		100.00	Generali Versicherung AG	100.00	99.95	132
GSL Services s.r.o.	276	EUR	6,639	a	11		100.00	Generali Poisťovňa, a. s.	100.00	100.00	7

Non-Consolidated Subsidiaries and Associated Companies

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding %				Group Equity Ratio[3]	Book Value (€ thousand)
						Direct	Indirect	Through	Total		
Concordia Innowacje Sp. Z o.o.	054	PLN	50,000	a	11		100.00	Concordia Polska Towarzystwo Ubezpieczeń S.A.	100.00	100.00	
BODiE Sp. Z o.o.	054	PLN	1,156,000	b	11		25.95	Concordia Polska Towarzystwo Ubezpieczeń S.A.	25.95	25.95	66
Bezpieczny.pl Sp z.o.o.	054	PLN	125,500	a	11		51.00	Generali Finance spólka z ograniczoną odpowiedzialnością	51.00	51.00	2,029
LEV Registracija, registracija vozil, d.o.o.	260	EUR	18,000	a	11		100.00	Generali zavarovalnica d.d. Ljubljana	100.00	100.00	298
Generali Investments CP d.o.o. k.d.	260	EUR	83,655	a	11		54.79	Generali Investments, družba za upravljanje, d.o.o.	54.79	54.79	99
Agent d.o.o.	260	EUR	45,184	a	11		71.43	Generali zavarovalnica d.d. Ljubljana	71.43	71.43	97
Prospera d.o.o.	260	EUR	100,000	a	11		100.00	Generali zavarovalnica d.d. Ljubljana	100.00	100.00	2,621
VIZ d.o.o.	260	EUR	560,000	a	11		100.00	Generali zavarovalnica d.d. Ljubljana	100.00	100.00	155
Ambulanta ZDRAVJE, zdravstvene storitve, d.o.o.	260	EUR	352,490	a	11		100.00	Generali zavarovalnica d.d. Ljubljana	100.00	100.00	720
Nama Trgovsko Podjetje d.d. Ljubljana (*)	260	EUR	3,977,325	b	11		48.51	Generali zavarovalnica d.d. Ljubljana	48.51	48.51	5,359
IDORU Inteligentni Analiticni Sistemi d.o.o.	260	EUR	7,500	b	11		15.00	Generali zavarovalnica d.d. Ljubljana	15.00	15.00	
Medifit d.o.o.	260	EUR	31,250	b	11		48.00	Generali zavarovalnica d.d. Ljubljana	48.00	48.00	250
Generali Investments GP 1 d.o.o.	260	EUR	7,500	a	11		100.00	Generali Investments, družba za upravljanje, d.o.o.	100.00	100.00	8
Generali Investments GP 2 d.o.o.	260	EUR	7,500	a	11		100.00	Generali Investments, družba za upravljanje, d.o.o.	100.00	100.00	8
S.C. Genagricola Romania S.r.l.	061	RON	70,125,720	a	11		100.00	Genagricola - Generali Agricoltura S.p.A.	100.00	100.00	31,013
S.C. Vignadoro S.r.l.	061	RON	40,835,190	a	11		32.26	Genagricola - Generali Agricoltura S.p.A.	100.00	100.00	10,746
							67.75	Agricola San Giorgio S.p.A.			
Genagricola Foreste S.r.l.	061	RON	56,500,000	a	11		100.00	S.C. Genagricola Romania S.r.l.	100.00	100.00	
Generali Investments, d.o.o. za upravljanje investicijskim fondovima	261	HRK	4,148,000	a	11		100.00	Generali Investments, družba za upravljanje, d.o.o.	100.00	100.00	1,930
House of InsurTech Switzerland AG	071	CHF	6,600,000	a	11		100.00	Generali (Schweiz) Holding AG	100.00	99.97	3,976
Generali Investments AD Skopje	278	MKD	695,000	a	11		72.62	Generali Investments, družba za upravljanje, d.o.o.	72.62	72.62	495
Generali Development d.o.o. Beograd	289	RSD	23,864,000	a	11		100.00	Generali CEE Holding B.V.	100.00	100.00	196
Generali Realties Ltd	182	ILS	2	a	10	100.00			100.00	100.00	
Montcalm Wine Importers Ltd	069	USD	7,277,483	a	11		100.00	Genagricola - Generali Agricoltura S.p.A.	100.00	100.00	1,931
N2G Worldwide Insurance Services, LLC (*)	069	USD	14,000,000	c	11		50.00	Generali Italia S.p.A.	50.00	50.00	4,739
Ineba S.A.	006	ARS	4,000,000	b	11		48.00	Caja de Ahorro y Seguro S.A.	48.00	43.18	744
BMG Seguros S.A. (*)	011	BRL	33,750,000	b	3	30.00			30.00	30.00	2,956
Europ Assistance Brasil Serviços de Assistência S.A. (*)	011	BRL	89,388,209	c	11		100.00	EABS Serviços de Assistencia e Partecipaçoes S.A.	100.00	50.00	9,995
EABS Serviços de Assistencia e Partecipaçoes S.A. (*)	011	BRL	106,279,812	c	9		50.00	Ponte Alta, SGPS, Unipessoal, Lda.	50.00	50.00	7,183
CEABS Serviços S.A. (*)	011	BRL	34,989,014	c	11		100.00	Europ Assistance Brasil Serviços de Assistência S.A.	100.00	50.00	3,068
Europ Assistance (Bahamas) Ltd	160	BSD	10,000	a	11		99.99	CMN Global Inc.	99.99	99.99	
Generali Pacifique NC	253	XPF	1,000,000	a	11		100.00	Generali France S.A.	100.00	98.60	2,095
PT ONB Technologies Indo	129	IDR	2,500,000,000	c	11		100.00	ONB Technologies Pte. Ltd.	100.00	29.95	
Europ Assistance Thailand Company Limited (*)	072	THB	200,000	c	11		48.95	Europ Assistance Holding S.A.S.	49.00	49.00	
							0.05	Europ Assistance Brokerage Solutions S.a.r.l.			

Non-Consolidated Subsidiaries and Associated Companies

Company	Country	Currency	Share capital in original currency	Method(1)	Activity(2)	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio(3)	Book Value (€ thousand)
MPI Generali Insurans Berhad (*)	106	MYR	100,200,000	b	3		49.00	Generali Asia N.V.	49.00	48.92	89,247
Future Generali India Life Insurance Company Ltd (*)	114	INR	19,358,206,090	c	3		49.00	Sprint Advisory Services Private Limited	74.50	48.92	27,501
							25.50	Generali Participations Netherlands N.V.			
Future Generali India Insurance Company Ltd (*)	114	INR	9,048,037,050	c	3		49.00	Shendra Advisory Services Private Limited	74.51	48.93	54,921
							25.51	Generali Participations Netherlands N.V.			
Sprint Advisory Services Private Limited (*)	114	INR	5,964,123,950	c	11		47.96	Generali Participations Netherlands N.V.	47.96	47.88	25,344
Shendra Advisory Services Private Limited (*)	114	INR	2,710,323,220	c	11		47.96	Generali Participations Netherlands N.V.	47.96	47.88	50,614
FG&G Distributtion Private Limited (*)	114	INR	283,100,000	c	11		48.83	Generali Participations Netherlands N.V.	48.83	48.75	1,114
ONB Technologies India Pvt Ltd	114	INR	500,000	c	11		100.00	ONB Technologies Pte. Ltd.	100.00	29.95	
Generali China Insurance Co. Ltd (*)	016	CNY	1,300,000,000	b	3	49.00			49.00	49.00	52,726
Guotai Asset Management Company (*)	016	CNY	110,000,000	b	8	30.00			30.00	30.00	190,968
Zhonghe Sihai Insurance Agency Company Limited	016	CNY	50,000,000	b	11		25.00	Generali Financial Asia Limited	25.00	25.00	1,522
Shanghai Sinodrink Trading Company, Ltd	016	CNY	5,000,000	b	11		45.00	Genagricola - Generali Agricoltura S.p.A.	45.00	45.00	242
ONB Technologies Pte. Ltd. (*)	147	EUR	3,459	c	11		42.75	Europ Assistance Holding S.A.S.	42.75	42.75	
ONB Technologies Singapore Pte Ltd	147	SGD	3,000	c	11		100.00	ONB Technologies Pte. Ltd.	100.00	29.95	
Generali Investments Asia Limited	103	HKD	4,200,148	a	9		100.00	Generali Investments Holding S.p.A.	100.00	99.52	
Tranquilidade Moçambique Companhia de Seguros, S.A.	134	MZN	1,361,260	a	3		100.00	Generali Seguros, S.A.	100.00	100.00	
Tranquilidade Moçambique Companhia de Seguros Vida, S.A.	134	MZN	1,810,332	a	3		100.00	Generali Seguros, S.A.	100.00	100.00	
Europ Assistance (Macau) - Serviços De Assistência Personalizados, Lda.	059	MOP	400,000	a	11		70.00	Ponte Alta, SGPS, Unipessoal, Lda.	70.00	70.00	
Tranquilidade - Corporação Angolana de Seguros, S.A.	133	AOA	14,934,484	a	3		49.00	Generali Seguros, S.A.	49.00	49.00	

(1) a=non consolidated subsidiaries (IFRS 10); b=associated companies (IAS 28); c=joint ventures (IFRS 11)

(2) 1=Italian Insurance companies; 2=EU Insurance companies; 3=non EU Insurance companies; 4=Insurance holding companies; 5=EU Reinsurance companies; 6=non EU Reinsurance companies; 7=Banks; 8=Asset Management companies; 9=other Holding companies; 10=Real Estate companies; 11=other

(3) Net Group participation percentage.

(*) Participations valued at equity.

List of Countries

Country	Country Code
ANGOLA	133
ARGENTINA	006
AUSTRIA	008
BAHAMAS	160
BELGIUM	009
BRAZIL	011
BULGARIA	012
CANADA	013
CHILE	015
CHINA	016
CROATIA	261
CZECH REPUBLIC	275
DENMARK	021
ECUADOR	024
FRANCE	029
GERMANY	094
GREECE	032
HONG KONG	103
HUNGARY	077
INDIA	114
INDONESIA	129
IRELAND	040
ISRAEL	182
ITALY	086
LIECHTENSTEIN	090
LUXEMBOURG	092

Country	Country Code
MACAO	059
MACEDONIA	278
MALAYSIA	106
MALTA	105
MONTENEGRO, REPUBLIC	290
MOZAMBIQUE	134
NETHERLANDS	050
NEW CALEDONIA	253
PHILIPPINES	027
POLAND	054
PORTUGAL	055
ROMANIA	061
RUSSIAN FEDERATION	262
SERBIA	289
SINGAPORE	147
SLOVAKIA	276
SLOVENIA	260
SOUTH AFRICA, REPUBLIC	078
SPAIN	067
SWITZERLAND	071
THAILAND	072
TURKEY	076
UNITED KINGDOM	031
UNITED STATES	069
VIETNAM	062
VIRGIN ISLANDS (BRITISH)	249

List of Currencies

Currency	Currency Code
Kwanza Angola	AOA
Argentine Peso	ARS
Bulgarian Lev	BGN
Brasilian Real (new)	BRL
Bahamas Dollar	BSD
Canadian Dollar	CAD
Swiss Franc	CHF
Chilean Peso	CLP
Chinese Renminbi	CNY
Czech Korona	CZK
Euro	EUR
British Pound	GBP
Hong Kong Dollar	HKD
Croatian Kuna	HRK
Hungarian Forint	HUF
Indonesian Rupiah	IDR
Israeli Shekel	ILS

Currency	Currency Code
Indian Rupee	INR
Macaon Pataca	MOP
Macedonian Dinar	MKD
Malaysian Ringi	MYR
Metical Mozambique	MZN
Philippine Peso	PHP
Polish Zloty	PLN
Romanian Leu	RON
Serbian Dinar	RSD
Russian Ruble	RUB
Singapore Dollar	SGD
Thai Bhat	THB
Turkish Lira (new)	TRY
US Dollar	USD
Vietnamese Dong	VND
French Polinesian Franc	XPF
South African Rand	ZAR

ATTESTATION AND REPORTS

#WEREALLABOUTYOU

ATTESTATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

pursuant to art. 154-bis, paragraph 5, of legislative decree of 24 February 1998, no. 58 and art. 81-ter of Consob regulation of 14 May 1999, no. 11971 as amended

Attestation of the Consolidated Financial Statements pursuant to art. 154-*bis*, paragraph 5, of legislative decree of 24 February 1998, no. 58 and art. 81-*ter* of Consob regulation of 14 May 1999, no. 11971 as amended

1. The undersigned, Philippe Donnet, in his capacity as Managing Director and Group CEO, and Cristiano Borean, in his capacity as Manager in charge of preparing the financial reports of Assicurazioni Generali S.p.A. and Group CFO, having also taken into account the provisions of Art 154-*bis*, paragraphs 3 and 4, of the Italian Legislative Decree No. 58 dated 24 February 1998, hereby certify:
   - the adequacy in relation to the characteristics of the Company and
   - the effective implementation

   of the administrative and accounting procedures for the preparation of the consolidated financial statements over the course of the period from 1 January to 31 December 2020.

2. The adequacy of the administrative and accounting procedures in place for preparing the consolidated financial statements as at 31 December 2020 has been assessed through a process established by Assicurazioni Generali S.p.A. on the basis of the guidelines set out in the *Internal Control – Integrated Framework* issued by the *Committee of Sponsoring Organizations of the Treadway Commission*, an internationally-accepted reference framework.

3. The undersigned further confirm that:
   3.1 the consolidated financial statements as at 31 December 2020:
      a) are prepared in compliance with applicable international accounting standards recognized by the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, with the provisions of Legislative Decree No. 38 of 28 February 2005, of the Italian Civil Code, of Legislative Decree No. 209 of 7 September 2005 and with applicable provisions, regulations and circular letters issued by ISVAP (now IVASS);
      b) correspond to the related books and accounting records;
      c) provide a true and fair representation of the financial position of the issuer and the group of companies included in the scope of consolidation;

   3.2 the management report contains a reliable analysis of the business outlook and management result, the financial position of the issuer and group companies included in the scope of consolidation and a description of the main risks and uncertain situations to which they are exposed.

Milan, 10 March 2021

Dott. Philippe Donnet
Managing Director and Group CEO

ASSICURAZIONI GENERALI S.p.A.

Dott. Cristiano Borean
Manager in charge of preparing the Company's financial reports and Group CFO

ASSICURAZIONI GENERALI S.p.A.

GLOSSARY

Absolute emissions: absolute green house gas emissions associated with a portfolio, expressed in tons CO_2e

Accessibility gap to variable remuneration between females and males: difference in percentage between females' and males' accessibility rate to variable remuneration across the entire organization.

Adjusted net profit: it is the result of the period adjusted for the impact of gains and losses from disposals.

Ageing and new welfare: ESG factor material to the Group's strategy and considering stakeholders' expectations; it refers to trend of increasing life expectation and reducing birth rates that will make sizeable impacts on the financial sustainability of the social protection systems and might lead to reduced public welfare services. The aging of the population will also influence the job market and consumption, with effects on productivity and the intergenerational relations, with increased welfare costs borne by the working population.

Agent: sales force within traditional distribution networks (exclusive agents, non-exclusive agents and employed sales force permanently involved in the activities of promoting and distributing Generali products).

Asset owner: who owns investments and bears the related risks.

Average duration: it is defined as the average residual economic maturity (considering the first call option date) of the financial debt outstanding as at the reporting date, weighted for the nominal amount.

Biodiversity degradation: ESG factor of high relevance to the Group's strategy and considering stakeholders' expectations; it refers to the rapid extinction of many animal and plant species, with a impoverishment of biological diversity and the gene pool, due to the land conversion, to the increase in pollution levels and to the climate change. The progressive collapse of the natural ecosystems represents a growing risk also for human health as it impairs the food chain, reduces resistance to pathogens and threatens the development of communities and economic sectors that strongly depend on biodiversity, such as farming, fishing, silviculture and tourism. In the face of this threat, the activism of civil society, regulatory pressure and the supervision of the authorities are growing, which broaden the responsibility of companies not only as regards their own operations, but also regarding their supply chain.

Business for Societal Impact (B4SI): it is an international standard for companies to report their activities in the community. It is internationally recognized and follows an Inputs-Outputs-Impact (IOI) logic, assessing community initiatives in terms of the resources committed (inputs) and the results achieved (outputs) and impacts.

Capitals: stocks of value as inputs to the business model. They are increased, decreased or transformed through the organization's business activities and outputs. The capitals are categorized in the International <IR> Framework as:

- financial capital: the pool of funds that is available to an organization for use in the production of goods or the provision of services, obtained through financing, such as debt, equity or grants, or generated through operations or investments;
- manufactured capital: manufactured physical objects (as distinct from natural physical objects) that are available to an organization for use in the production of goods or the provision of services;
- intellectual capital: organizational, knowledge-based intangibles;
- human capital: people's competencies, capabilities and experience, and their motivations to innovate;
- social and relationship capital: the institutions and the relationships within and between communities, groups of stakeholders and other networks, and the ability to share information to enhance individual and collective well-being;
- natural capital: all renewable and non-renewable environmental resources and processes that provide goods or services that support the past, current or future prosperity of an organization.

Carbon footprint: carbon emissions for a portfolio normalized by the market value of the portfolio, expressed in tons CO2e/€ million invested.

Cash and cash equivalents: it includes cash and highly-liquid short-term financial investments (readily convertible in specific amounts of cash which are subject to an irrelevant risk of change in value). Furthermore, this asset class includes also short-term deposits and money-market investment funds, which are included in the Group liquidity management.

Cash remittance: dividends and dividend-equivalent permanent or long-term transactions from subsidiaries towards the Parent Company (e.g. capital reduction or permanent debt reimbursement) measured on a cash basis.

Change in healthcare: ESG factor of high relevance to the Group's strategy and considering stakeholders' expectations; it refers to the transformation of the healthcare systems due to demographic, technological and public policy evolution, leading to a higher demand for increasingly advanced patient-centric healthcare services, with growing healing and quality treatment expectations. That means that the level of sophistication and of healthcare service cost is growing, with an increasing integration of the public offer with private sector initiative.

Changing nature of work: ESG factor of high relevance to the Group's strategy and considering stakeholders' expectations; it refers to the transformation in the labour market due to new technologies, the globalisation and the growth of the service industry which are a leading to the spread of a flatter and more fluid organisation of work, as the diffusion of agile and flexible working arrangements, the job rotation and smart working solutions show. Self-employed workers and freelance collaborations are also on the rise versus a stagnation of employment, which make the labour market less rigid but also more precarious, irregular and discontinuous. In terms of changes in the real economy, the number of SMEs is increasing in Europe and we are witnessing a restructuring of the traditional industrial sectors and the globalization of the production processes with an increased complexity of the supply chains.

Climate change: ESG factor material to the Group's strategy and considering stakeholders' expectations; it refers to global warming due to the emissions rise of greenhouse gases coming from human activities, which is intensifying extreme natural events such as floods, storms, rise in sea level, drought, wildfire and heat waves, with repercussions on the natural ecosystems, human health and the availability of water resources. The policies and efforts required to limit global warming to below 1.5°C through the decarbonisation of the economy will lead to radical changes in the production and energy systems, transforming especially carbon-intensive activities, sectors and countries and encouraging the development of clean technologies. As effective as these efforts may be, some changes will be inevitable, therefore making strategies to adapt and to reduce the vulnerability to the changing climate conditions necessary.

Companies of the coal sector (also identified as customers of the coal sector or issuers of the coal sector): category that includes companies for which over 30% of revenue or over 30% of energy produced derive from coal, mining companies that produce over 20 million tons a year of coal or companies actively involved in building new coal capacity (coal plants) as identified by Urgewald in its Top 120 Coal Plant Developers' list.

Companies of the tar sand sector: companies whose revenues are at least 5% derived from tar sands' extraction or operators of controversial pipelines dedicated to tar sands' transportation.

CoR, combined ratio: it is a technical performance indicator of Property & Casualty segment, calculated as the ratio of net insurance benefits and claims as well as administration and acquisition costs to net earned premiums. In other words, it is the sum of loss ratio and expense ratio.

Cost/Income ratio: it is a performance indicator of the Asset Management segment calculated as the ratio of operating expenses to operating revenues.

Current year loss ratio: it is a further detail of combined ratio calculated as the ratio of:
- current year incurred claims + related claims management costs net of recoveries and reinsurance; to
- net earned premiums.

Customer: either a physical person or a legal entity that holds at least one active insurance policy and pays a premium to Generali accordingly, a banking product or a pension fund product (the policy/the product is either with Generali, or other non-Generali local brand, or white labelled).

Digital revolution and cybersecurity: ESG factor of high relevance to the Group's strategy and considering stakeholders' expectations; it refers to the technological innovations introduced by the fourth industrial revolution, including big data, artificial intelligence, the Internet of Things, automation and block chain which are transforming the real economy and the social habits with the spread of services featuring a high level of customization and accessibility. The digital transformation requires new know-how and skills, resulting in a radical change of traditional jobs and in the appearance of new players on the market. The growth in complexity, interdependence and speed of innovation of the new digital technologies are posing challenges associated with the security of IT systems and infrastructures.

Diversity and Inclusion Index, D&I Index: it measures the progress of the Group compared to Diversity & Inclusion 2021 ambitions, i.e. objectives set internally on gender, generations, cultures and inclusion through eight indicators: female managers, female talent, talent under the age of 35, new hired employees with average age less than 30 years, *Turn to The New Index*[1], talents with international experience, organizational entities with smart working policy and organizational entities with local action plans on disability.

Earnings per share: it is equal to the ratio of Group net result and to weighted average number of ordinary shares outstanding.

Employees: all the Group direct people at the end of the period, including managers, employees, sales attendant on payroll and auxiliary staff.

Environmental products:
- products designed to promote sustainable transport with reduced environmental impact, including policies that reward responsible driving;
- products that support the energy efficiency of buildings;
- products for covering the risks connected with the production of renewable energies;
- products specifically designed to cover catastrophe risks or specific environmental damage;
- products to companies with environmental certifications (e.g. ISO 14001, EMAS, LEED) or adopting safety measures to prevent environmental damages;
- anti-pollution products.

Equal pay gap: difference between females' and males' median base salary for comparable roles, comparing females and males belonging to the same job function and organizational level. It is calculated applying a Group common methodology as a percentage of the difference between females' salary minus males' salary for comparable roles, divided by the males' salary. If the result is positive, the gap shows that the gender female is the most compensated; vice-versa, if the result is negative, the gap shows that the gender male is the most compensated.

Equity investments: direct investments in quoted and unquoted equity instruments, as well as investment funds that are mainly exposed to equity investments, including private equity and hedge funds.

Equivalent consolidation area: constant consolidation scope.

Equivalent terms: constant exchange rates and consolidation scope.

1 The training effort offered to employees by the Group is measured through the *Turn to The New Index*.

ESG: acronym which qualifies aspects related to the environment, social and corporate governance.

Financial asset: any asset that is:
- cash;
- an equity instrument of another entity;
- a contractual right:
  - to receive cash or another financial asset from another entity; or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- a contract that will or may be settled in the entity's own equity instruments and is:
  - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
  - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include puttable financial instruments that are classified as equity instruments.

Financial liability: any liability that is:
- a contractual obligation:
  - to deliver cash or another financial asset to another entity; or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- contract that will or may be settled in the entity's own equity instruments and is:
  - a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
  - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include puttable financial instruments that are classified as equity instruments.

Fixed income instruments: direct investments in government and corporate bonds, loans, term deposits other than those presented as cash and cash equivalents, and reinsurance deposits. This asset class also includes investments funds that are mainly exposed to investments or risks similar to direct investments presented within this asset class.

Gender pay gap: difference between females' and males' median base salary across the entire organization regardless of the roles. It is calculated applying a Group common methodology as a percentage of the difference between females' salary minus males' salary, divided by the males' salary. If the result is positive, the gap shows that the gender female is the most compensated; vice-versa, if the result is negative, the gap shows that the gender male is the most compensated.

General account: investments reported in the financial statements (excluding financial assets categorized as unit- and index-linked or deriving from pension funds management) and cash and cash equivalents. They also include some liabilities, with features similar to investments, among which derivative liabilities referred to investment portfolio and REPOs.

Geopolitical and financial instability: ESG factor of high relevance to the Group's strategy and considering stakeholders' expectations; it refers to the weakening of multilateralism and of the traditional global governance mechanism that are leading to increased tension between countries and to the resurgence of trade protectionism and populism. Associated with the changing geopolitical balance - with complex cause and effect relationships - is the worsening of macroeconomic conditions and a scenario of a continuing lowering of interest rates. The weakening of the initiative of the traditional political institutions is compensated by the emergence of coalitions and global coordination mechanisms promoted by the private sector and civilian society.

Green and sustainable investments: investments that support green and/or social projects, with the explicit aim of creating a positive impact and contributing to the United Nations Sustainable Development Goals.

Gross direct written premiums: gross written premiums of direct business.

Gross written premiums (GWP): gross written premiums of direct business and accepted by third parties.

Increasing inequalities: ESG factor of high relevance to the Group's strategy and considering stakeholders' expectations; it refers to the growing gap in the distribution of wealth between social groups and - more in general - the polarisation in accessing self-determination opportunities. These trends are accompanied with a decline in social mobility, leading to a protracted permanence in the state of poverty and exclusion, mainly related to the socio-economic conditions of the household of origin.

Insurance exposure to fossil fuel sector: it refers to the underwriting of P&C risks related to companies of the coal sector and/or related to oil and gas exploration/extraction.

Integrated report: concise communication that illustrates how the strategy, governance and future prospects of an organization, in the external environment in which it operates, are used to create value in the short, medium and long term.

Investment contracts: contracts that have the legal form of insurance contracts but, as they do not substantially expose the insurer to significant insurance risk (e.g. the mortality risk or similar insurance risks), cannot be classified as insurance contracts. In accordance with the definitions of IFRS 4 and IAS 39 these contracts are recognized as financial liabilities.

Investments back to unit- and index-linked policies: various types of investments backing insurance liabilities related to unit and index-linked policies.

Investments in internal strategic initiatives: total investments (included in the general expenses, in cash view - capex) included within the expenses baseline as the sum of all strategic initiatives considered in the Generali 2021 strategy.

Investments properties: direct investments in properties held in order to receive rent or to achieve targets for capital appreciation, or for both reasons. This asset class also includes investments funds that are mainly exposed to real-estate investments.

Lockup clause: it imposes the unavailability of the shares assigned with respect to some incentive plans (or a specific share) for a specific time horizon as defined by any individual plan. The clause provides for the commitment of the issuing Company and potentially of some shareholders not to pursue selected actions on the equity of the company itself in the period subsequent to a public offering.

Managed reports related to the Code of Conduct: they are the allegations of potential breaches of the Group's Code of Conduct that are managed in accordance with the Group's Process on managing reported concerns. They do not include customer complaints.

Mathematical provisions: it is the amount that shall be set aside by the insurance company to meet its future obligations to policyholders.

Migrations and new households: ESG factor monitored by the Group; it refers to the migration phenomena and increased international mobility that are broadening the cultural diversity of the modern globalised societies and are transforming the preferences and market of the consumers, the workplace and the political debate. Also the profile of modern family is profoundly changing with a significant increase in households made up of only one person and in single-parent families due to greater women emancipation, growth in separations, longer life expectation and urbanisation. As a result, consumption habits, the distribution of resources and the social risk mitigation mechanisms are changing, and the vulnerability of the single-person households to situations of hardship - such as loss of employment or disease - is growing.

NBM, new business margin: it is a performance indicator of the new business of the Life segment, equal to the ratio of NBV to PVNBP. The margin on PVNBP is intended as a prospective ratio between profits and premiums.

NBV, new business value: it is an indicator of value created by the new business of the Life segment. It is obtained by discounting at the date of new contracts the corresponding expected profits net of the cost of capital (net of the portion attributable to minority interests).

Net inflows: it is an indicator of cash flows generation of the Life segment. It is equal to the amount of premiums collected net of benefits paid.

Operating result: it is the result of the period before taxes, before interest expense on liabilities linked to financing activities, certain net financial income as well as non-recurring income and expenses. Please refer to the chapter Methodological notes on alternative performance measures for further information.

Operating return on investments: it is an alternative performance measure of both the Life and Property & Casualty segments, calculated as the ratio of the operating result to the average investments at IAS/IFRS book value, as described in the chapter Methodological notes on alternative performance measures.

Organizational entities with smart working policy: organizational entities where, in accordance with local laws and regulations, it is possible to adopt smart working through the application of a dedicated policy.

Other investments: it includes participations in non-consolidated companies, associated companies and joint ventures, derivative investments and receivables from banks and customers, the latter mainly related to banking activities by some Group companies.

Outcomes: the internal and external consequences (positive and negative) for the capitals as a result of an organization's business activities and outputs.

Pandemics and extreme events: ESG factor material to the Group's strategy and considering stakeholders' expectations; it refers to the fact that the population concentration and the deficiencies in population protection and emergency management mechanisms are increasing the risks associated with extreme events, such as earthquakes and tsunamis, pandemics and health emergencies as well as other man-made catastrophes such as technological, radiological incidents, and terrorism. A strengthening of the system to prevent, prepare for and respond to these events is required in order to increase the resilience of the affected territories and communities.

P&L return on investments: it is the sum of the current return on investments and the harvesting rate net of investment management expenses. Please refer to the chapter Methodological notes on alternative performance measures for further information.

Polarization of lifestyle: ESG factor of high relevance to the Group's strategy and considering stakeholders' expectations; it refers to the enhanced awareness of the connection between health, living habits and the environmental, which is favouring the spread of healthier lifestyles, based on the prevention and proactive promotion of well-being, especially in the higher income and higher education social groups. Examples of this are the growing attention to healthy eating and to physical activity. However, amongst the more vulnerable social brackets, unhealthy lifestyles and behaviours at risk are continuing, if not actually increasing, with the spread of different forms of addiction (drugs, alcohol, tobacco, compulsive gambling, Internet and smartphone addiction), mental discomfort, sleep disorders, incorrect eating habits and sedentariness, with high human and social costs related to healthcare expenditure, loss of production and early mortality.

Prior year loss ratio: it is a further detail of combined ratio calculated as the ratio of:

- previous year incurred claims + related claims management costs net of recoveries and reinsurance; to
- net earned premiums.

Provision for outstanding claims: it comprises the estimated overall amounts which, from a prudent valuation based on objective elements, are required to meet the payment of the claims incurred during the current year or the previous ones, and not yet settled, as well as the related settlement expenses. The outstanding claims provisions shall be estimated as the total ultimate cost taking into account all future foreseeable charges, based on reliable historical and forecast data, as well as the specific features of the company.

Provision for unearned premiums: it comprises the unearned premium component, defined as the part of gross premiums written which is to be allocated to the following financial periods, and the provisions for unexpired risk on insurance contracts in force in excess of the related unearned premiums.

Provisions arising from policies where the investment risk is borne by the policyholders and from pension funds: they comprise the amounts to be allocated to the policyholders or to the beneficiaries relating to Life segment products where the risk arising from the underlying financial investments backing the technical liabilities is borne by the policyholders.

Provisions for sums to be paid: they are technical reserves constituted at the end of each financial year by companies operating in the Life segment in order to cover the overall amounts required to meet the payment of the capitals and annuities accrued, surrenders and claims outstanding.

PVNBP, present value of new business premiums: it is the present value of the expected future new business premiums, allowing for lapses and other exits, discounted to point of sale using reference rates.

Regulatory complexity: ESG factor of high relevance to the Group's strategy and considering stakeholders' expectations; it refers to the increase in the production of laws and regulatory mechanisms especially for the financial sector, in order to regulate its complexity and to share the fight against illegal economic activities with the sector's participants. Therefore, the costs for guaranteeing regulatory compliance and the need for greater integration and simplification of the governance systems are increasing.

Relationship Net Promoter Score, Relationship NPS: it is an indicator calculated from customer research data. A pre-defined market representative sample is surveyed on a quarterly base. Specifically, customers are asked to assess their likelihood to recommend Generali to their friends, colleagues and family members, using a scale from 0 to 10. Thanks to this feedback, the company is able to identify detractors (rating from 0 to 6), passives (rating of 7 or 8) and promoters (rating of 9 or 10). In order to calculate the RNPS, the percentage of detractors is deducted from the percentage of promoters. The RNPS is not expressed as a percentage but as an absolute number.
At each wave, at least 200 Generali customers and as many customers of our European international peers (AXA, Allianz and Zurich) are surveyed per market to guarantee the robustness of the data surveyed.

Relevant personnel: it refers to general managers with strategic tasks, the Heads and the highest-level personnel of the key functions and the other categories of personnel whose activity can have a significant impact on the company risk profile in accordance to IVASS Regulation no. 38/2018, art. 2, paragraph 1, letter m).

Resource scarcity and sharing economy: ESG factor of high relevance to the Group's strategy and considering stakeholders' expectations; it refers to the increase in world population and the excessive exploitation of natural resources such as soil, land water, raw materials and food resources that make the transition to circular and responsible consumption models necessary as they reduce the resources use and the waste production. Technological innovation and the spread of more sustainable lifestyles encourage the spread of new consumption and production patterns based on reuse and sharing, such as car sharing, co-housing, co-working and crowdfunding.

Responsible Investment Group Guideline, RIG: document that codifies responsible investment activities at Group level.

RoE, Return on Equity: it is an indicator of return on capital in terms of the Group net result. It is calculated as the ratio of:

- Group net result; to
- average Group shareholders' equity at the beginning and end of the period, adjusted to exclude other gains and losses directly booked to equity, included in Other Comprehensive Income, such as gains and losses on available for sale financial assets, gains and losses on foreign currency translation differences, unrealized gains and losses on hedging derivatives and unrealized gains and losses on defined benefit plans.

Solvency Ratio: it is the ratio of the Eligible Own Funds to the Group Solvency Capital requirement, both calculated according to the definitions of the SII regime. Own funds are determined net of proposed dividend. The ratio has to be intended as preliminary since the definitive Regulatory Solvency Ratio will be submitted to the supervisory authority in accordance with the timing provided by the Solvency II regulations for the official reporting.

Social products:

- products that respond to the needs of specific categories of customers or particularly unfortunate events in life, including products dedicated to the young, to the elderly, to the disabled, to immigrants, to the unemployed and to coverage for professional disabilities, or which in some way support and foster social inclusion;
- products that promote a more prosperous and stable society, with particular attention on small and medium-sized enterprises and people involved in voluntary work;
- products with high pension or microinsurance content;
- products that promote responsible and healthy lifestyles, leveraging on the opportunities provided by new technologies, on the importance of preventive healthcare or other virtuous behaviours of policyholders;
- products that supplement the public health service, designed to help manage the costs of treatment and assistance, as well as the reduction in earnings of customers in the event of serious illnesses or the loss of self-sufficiency.

Stock granting: free shares assignment.

Stock option: it represents the right of the holder to buy shares of the Company at a predefined price (so called strike). These options are assigned free of charge.

Stranded asset: invested assets that may lose their economic value in advance of the expected duration, due to regulatory changes, market forces, technological innovation, environmental and social problems associated with the transition to a low-carbon economy. They are typically associated with the coal and fossil fuel sector, with an indirect impact on the utilities and transport sectors.

Sustainable and Responsible Investments, SRI: assets managed by the Group according to SRI methodologies both on behalf of Group insurance companies and third-party clients.

Sustainable Development Goal (SDG): 17 objectives contained in the 2030 Agenda for sustainable development, launched by the United Nations.

Trained employees: employees who attended stand-alone training activities designed for one target group, dealing with one topic and not embedded in daily work. They include those employees trained during the period who left the Group before the end of the period.

Training investment: they include all direct costs for formal learning, except for those for on-the-job training.

Transparency and purpose-driven businesses: ESG factor of high relevance to the Group's strategy and considering stakeholders' expectations; it refers to the fact that key stakeholders of companies - such as investors, consumers and employees, especially in Europe and with particular reference to the Millennial - are ever more attentive and demanding on the purpose and the sustainability practices of companies. Also, the regulatory requirements for companies in terms of reporting and transparency are increasing, making it increasingly essential that a company demonstrate its ability to create value for all of its stakeholders, going beyond the shareholders. The growing number of benefit companies, cooperatives and social enterprises stands as proof of this trend.

Unmediated access to information: ESG factor monitored by the Group; it refers to the increasing speed, ease and amount of information shared between people, governments and companies thanks to the diffusion of new communication technologies, social media and web platforms. In this way, knowledge is increasingly accessible, multi-directional, intergenerational and on a global scale, and is transforming how people form opinions and mutually influence each other. The traditional sources of information, such as newspapers, schools, parties and religious institutions, are undergoing a resizing of their role in mediating knowledge, with consequences for control of the reliability of the information circulated and for manipulating public opinion, as evidenced by the fake news phenomenon.

Urbanization: ESG factor monitored by the Group; it refers to the trend of human population concentrating in urban areas. Today over 70% of Europeans live in cities, and the amount should rise to above 80% by the year 2050. At the same time, over the years land consumption to convert natural land into urbanised areas has accelerated. Together with their expansion, the cities find themselves having to take up increasingly urgent challenges, such as social inclusion in the outskirts and the lack of adequate housing, congestion and air pollution. Considerable investments will therefore be necessary for urban regeneration and to modernise infrastructure and mobility systems based on a more sustainable planning.

Weighted average carbon intensity (WACI): portfolio's exposure to carbon-intensive companies, expressed in tons CO2e/€ million revenue.

Weighted average cost of debt: it is the annualized cost of financial debt considering the nominal amounts at the reporting date and the related transactions of currency and interest rate hedging.

Women and minorities inclusion: ESG factor of high relevance to the Group's strategy and considering stakeholders' expectations; it refers to the growing demands for greater inclusion and empowerment of the diversities related to gender, ethnic group, age, religious belief, sexual orientation and disability conditions in the various areas of social life, from the workplace to that of political representation and public communication. The topic of women empowerment and reducing the gender pay and employment gaps has taken on particular emphasis. However, in the face of these trends an increase in forms of intolerance, social exclusion and violence is noted, particularly against women, ethnic and religious minorities, immigrants and LGBTI+ people and those with mental-physical disabilities, especially in the lower income and lower education social brackets.

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